# Siyancuma
## MUNICIPALITY




(These statements have not been audited)

## FINANCIAL STATEMENTS

## 30 JUNE 2017

# SIYANCUMA LOCAL MUNICIPALITY

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# SIYANCUMA LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

## GENERAL INFORMATION

**NATURE OF BUSINESS**

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

**COUNTRY OF ORIGIN AND LEGAL FORM**

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

**JURISDICTION**

The Siyancuma Municipality includes the following areas:

*Douglas*
*Griekwastad*
*Campbell*
*Schmidsdrift*

**MEMBERS OF THE COUNCIL**

| | |
|---|---|
| Mayor | *L. Oliphant* |
| Councillor | *J. George* |
| Councillor | *M. Selebogo* |
| Councillor | *S. Mosetle* |
| Councillor | *P. Mc Klein* |
| Councillor | *D. Koopman* |
| Councillor | *A. Oliphant* |
| Councillor | *M. Eland (Resigned)* |
| Councillor | *V. Adams* |
| Councillor | *R. Booysen* |
| Councillor | *L. Van Niekerk* |
| Councillor | *L. Van Wyk* |

**MUNICIPAL MANAGER**

*XS Geco (Acting)*

**CHIEF FINANCIAL OFFICER**

*CC Zealand*

**REGISTERED OFFICE**

| | |
|---|---|
| *7 Charl Cilliers Street* | *P.O. Box 27* |
| *Douglas* | *Douglas* |
| *8730* | *8730* |

**GRADING**

*Grade 2*
*Medium Capacity*

**AUDITORS**

*Auditor-General (NC)*
*Private Bag X5013*
*KIMBERLEY*
*8300*

**PRINCIPLE BANKERS**

| | | |
|---|---|---|
| ABSA Bank, Douglas | *Standard Bank, Douglas* | First National Bank, Douglas |

**ATTORNEYS**

*Herman van Heerden Attorneys*

**RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

# SIYANCUMA LOCAL MUNICIPALITY

## MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

| WARD | COUNCILLOR |
|---|---|
| 1 | *JH George* |
| 2 | *PJ Mc Klein* |
| 3 | *SJ Mosetle* |
| 4 | *WV Adams* |
| 5 | *GF Morolong* |
| 6 | *DV Duiker* |
| 7 | *A Oliphant* |
| Proportional | *KJ Apie* |
| Proportional | *LC Van Niekerk* |
| Proportional | *DV Smous* |
| Proportional | *EM Fish* |
| Proportional | *TB Tamboer* |
| Proportional | *L Oliphant* |

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

*XS Seco (Acting)*
**Municipal Manager**

31 August 2017
**Date**

## SIYANCUMA LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

| | Notes | 2017 R (Actual) | 2016 R (Restated) |
|---|---|---|---|
| **NET ASSETS AND LIABILITIES** | | | |
| **Net Assets** | | **244 473 534** | **255 930 008** |
| Accumulated Surplus | | 244 473 534 | 255 930 008 |
| **Non-Current Liabilities** | | **34 892 177** | **34 002 117** |
| Long-term Liabilities | **2** | 4 041 567 | 4 526 353 |
| Employee benefits | **3** | 19 855 365 | 18 659 718 |
| Non-Current Provisions | **4** | 10 995 246 | 10 816 046 |
| **Current Liabilities** | | **135 193 665** | **94 255 614** |
| Consumer Deposits | **5** | 187 385 | 196 467 |
| Current Employee benefits | **6** | 6 057 242 | 5 736 545 |
| Provisions | **7** | 10 596 476 | 9 996 880 |
| Payables From Exchange Transactions | **8** | 114 497 080 | 75 790 185 |
| Unspent Conditional Government Grants and Receipts | **9** | 2 489 500 | 1 138 074 |
| Current Portion of Long-term Liabilities | **2** | 1 365 983 | 1 397 463 |
| **Total Net Assets and Liabilities** | | **414 559 376** | **384 187 739** |
| **ASSETS** | | | |
| **Non-Current Assets** | | **384 275 925** | **357 457 439** |
| Property, Plant and Equipment | **11** | 378 231 819 | 349 773 333 |
| Intangible Assets | **12** | 375 476 | 478 830 |
| Biological Assets | **13** | 219 135 | 153 498 |
| Capitalised Restoration Cost | **14** | 5 325 785 | 6 905 717 |
| Operating Lease Asset | **19** | 123 711 | 146 062 |
| **Current Assets** | | **30 283 450** | **26 730 298** |
| Inventory | **15** | 283 273 | 356 459 |
| Trade Receivables from exchange transactions | **16** | 6 931 227 | 5 867 130 |
| Other Receivables from non-exchange transactions | **17** | 1 813 652 | 1 152 477 |
| Taxes | **10** | 18 832 745 | 16 504 272 |
| Cash and Cash Equivalents | **20** | 2 422 554 | 2 849 960 |
| **Total Assets** | | **414 559 376** | **384 187 737** |

**SIYANCUMA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

| | Notes | 2017 (Actual) R | 2016 (Restated) R | Correction of error R | 2016 (Previously reported) R |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| **Revenue from Non-exchange Transactions** | | **102 654 460** | **94 942 099** | **(909 483)** | **95 851 582** |
| **Taxation Revenue** | | **10 229 022** | **10 074 922** | - | **10 074 922** |
| Property taxes | **21** | 10 229 022 | 10 074 922 | - | 10 074 922 |
| **Transfer Revenue** | | **79 829 002** | **81 647 945** | - | **81 647 945** |
| Government Grants and Subsidies - Capital | **22** | 35 916 860 | 36 729 387 | - | 36 729 387 |
| Government Grants and Subsidies - Operating | **22** | 43 912 142 | 44 918 558 | - | 44 918 558 |
| **Other Revenue** | | **12 596 436** | **3 219 232** | **(909 483)** | **4 128 715** |
| Fines | | 2 331 077 | 3 220 451 | - | 3 220 451 |
| Licences and Permits | | 84 978 | (45 516) | (909 483) | 863 967 |
| Gain on disposal of PPE | **11** | 477 509 | 43 096 | - | 43 096 |
| Actuarial Gains | **3** | 768 388 | - | - | - |
| Contributed PPE | **23** | 8 868 847 | - | - | - |
| Change in fair value of biological assets | **13** | 65 638 | 1 200 | - | 1 200 |
| **Revenue from Exchange Transactions** | | **53 249 127** | **50 728 238** | 924 390 | **49 803 848** |
| Service Charges | **24** | 49 463 092 | 44 800 071 | - | 44 800 071 |
| Rental of Facilities and Equipment | | 240 019 | 286 292 | 14 907 | 271 385 |
| Interest Earned - external investments | | 247 374 | 150 131 | - | 150 131 |
| Interest Earned - outstanding debtors | | 498 642 | 820 413 | - | 820 413 |
| Agency Services | | 990 080 | 909 483 | 909 483 | - |
| Other Income | **25** | 1 809 920 | 3 761 848 | - | 3 761 848 |
| **Total Revenue** | | **155 903 587** | **145 670 336** | **14 907** | **145 655 430** |
| **EXPENDITURE** | | | | | |
| Employee related costs | **26** | 49 104 023 | 48 069 340 | - | 48 069 340 |
| Remuneration of Councillors | **27** | 4 121 639 | 3 739 661 | - | 3 739 661 |
| Debt Impairment | **28** | 16 974 893 | 9 287 224 | - | 9 287 224 |
| Depreciation and Amortisation | **11** | 11 476 933 | 15 328 163 | (1 176 170) | 16 504 333 |
| Impairments | **29** | 33 880 | 490 656 | - | 490 656 |
| Repairs and Maintenance | | 2 529 368 | 3 152 569 | - | 3 152 569 |
| Actuarial losses | **3** | - | 1 066 241 | - | 1 066 241 |
| Finance Charges | **30** | 16 695 619 | 10 751 329 | - | 10 751 329 |
| Bulk Purchases | **31** | 38 310 130 | 35 388 051 | - | 35 388 051 |
| Stock Adjustments | **31** | 103 602 | 62 636 | - | 62 636 |
| Other Operating Grant Expenditure | **32** | 1 036 116 | 1 047 774 | - | 1 047 774 |
| Loss on disposal of PPE | **11** | 1 440 262 | 1 803 454 | - | 1 803 454 |
| Loss on disposal of Biological assets | **13** | - | 298 860 | - | 298 860 |
| Change in fair value of biological assets | **13** | - | - | - | - |
| General Expenses | **33** | 25 533 597 | 21 989 259 | (647 590) | 22 636 849 |
| **Total Expenditure** | | **167 360 061** | **152 475 217** | (1 823 760) | **154 298 977** |
| **NET SURPLUS/(DEFICIT) FOR THE YEAR** | | **(11 456 474)** | **(6 804 881)** | **1 838 667** | **(8 643 548)** |

## SIYANCUMA LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

| | Notes | Accumulated Surplus/ (Deficit) | Total |
|---|---|---|---|
| | | R | R |
| **Balance at 1 July 2015** | | **228 343 709** | **228 343 709** |
| Correction of error | 34.08 | 34 391 175 | 34 391 175 |
| **Restated Balance at 1 July 2015** | | **262 734 885** | **262 734 885** |
| Net Surplus for the year | | -8 643 548 | -8 643 548 |
| Correction of error | 34.09 | 1 838 667 | 1 838 667 |
| Rounding | | 4 | 4 |
| **Restated Balance at 1 July 2016** | | **255 930 008** | **255 930 008** |
| Net (Deficit) for the year | | -11 456 474 | -11 456 474 |
| Rounding | | - | - |
| **Balance at 30 June 2017** | | **244 473 534** | **244 473 534** |

## SIYANCUMA LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

| | Notes | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Property rates, penalties & collection charges | | 10 229 022 | 10 074 922 |
| Service charges | | 26 762 924 | 52 051 263 |
| Other revenue | | 13 801 862 | 5 056 721 |
| Government - operating | | 44 062 379 | 45 358 000 |
| Government - capital | | 37 118 049 | 36 517 802 |
| Interest | | 746 016 | 970 544 |
| **Payments** | | | |
| Suppliers and employees | | (86 264 174) | (105 251 373) |
| Finance charges | | (16 695 619) | (10 751 329) |
| Transfers and Grants | | - | - |
| **Net Cash from Operating Activities** | **35** | **29 760 459** | **34 026 550** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of Property, Plant and Equipment | **11** | (31 078 028) | (31 934 479) |
| Proceeds on Disposal of Fixed Assets | | 1 693 247 | 409 615 |
| Purchase of Intangible Assets | **12** | (26 360) | (59 298) |
| Proceeds on Disposal of Biolocial Assets | **13** | 768 388 | 71 845 |
| **Net Cash from Investing Activities** | | **-28 642 753** | **(31 512 317)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Loans raised | | - | - |
| Loans (repaid) | | (1 536 031) | (1 849 793) |
| Increase/(Decrease) in Consumer Deposits | | (9 082) | 15 451 |
| Rounding | | 4 | 4 |
| **Net Cash from Financing Activities** | | **(1 545 109)** | **-1 834 338** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(427 403)** | **679 896** |
| Cash and Cash Equivalents at the beginning of the year | | 2 849 960 | 2 170 064 |
| Cash and Cash Equivalents at the end of the year | **36** | 2 422 554 | 2 849 960 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(427 406)** | **679 896** |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2017 R (Actual) | 2017 R (Final Buget) | 2017 R (Variance) | Explanations for material variances |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | 2 163 989 | - | 2 163 989 | |
| Call investment deposits | 258 565 | - | 258 565 | Unspent MIG money was placed on a call deposit account |
| Consumer debtors | 25 763 972 | 8 665 883 | 17 098 089 | Debtors was written off during the year |
| Other Receivables | 1 813 652 | 8 200 000 | (6 386 348) | Suspense accounts were cleared |
| Inventory | 283 273 | 500 000 | (216 727) | Less inventory were purchased than issued |
| **Total current assets** | 30 283 450 | 17 365 883 | 12 917 567 | |
| **Non current assets** | | | | |
| Long-term receivables | 123 711 | - | 123 711 | It was not certain what the monetary value would be. Could not budget for long term receivables |
| Investment property | - | - | - | |
| Property, plant and equipment | 383 557 604 | 328 409 548 | 55 148 056 | Variance due to increase in depreciation and disposals not budgeted for |
| Biological Assets | 219 135 | 450 000 | (230 865) | Quantity of game decreased dramatically due to drought and sale of game |
| Intangible Assets | 375 476 | 304 090 | 71 386 | Saving on intangible asset expenditure |
| **Total non current assets** | 384 275 925 | 329 163 638 | 55 112 287 | |
| **TOTAL ASSETS** | 414 559 376 | 346 529 521 | 68 029 855 | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Borrowing | 1 365 983 | 1 523 465 | (157 482) | New finance leases taken up during the year |
| Consumer deposits | 187 385 | 190 000 | (2 615) | |
| Trade and other payables | 116 986 580 | 46 161 317 | 70 825 263 | Increased spending of consumption of services |
| Provisions and Employee Benefits | 16 653 717 | 11 105 000 | 5 548 717 | Provisions are done by an actuary at year end, could not accurately budget therefore |
| **Total current liabilities** | 135 193 665 | 101 170 709 | 34 022 957 | |
| **Non current liabilities** | | | | |
| Borrowing | 4 041 567 | 3 046 000 | 995 567 | New finance leases taken up during the year |
| Provisions and Employee Benefits | 30 850 611 | 22 275 953 | 8 574 658 | Provisions are done by an actuary at year end, could not accurately budget therefore |
| **Total non current liabilities** | 34 892 177 | 25 321 953 | 9 570 224 | |
| **TOTAL LIABILITIES** | 170 085 843 | 126 492 662 | 43 593 181 | |
| **NET ASSETS** | 174 127 409 | 220 036 859 | (45 909 450) | |
| **COMMUNITY WEALTH** | | | | |
| Accumulated Surplus/(Deficit) | 244 473 534 | 230 018 859 | 14 454 674 | Various reasons as mentioned in budget comparison for Financial Performance |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 244 473 534 | 230 018 859 | 14 454 674 | |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Buget) | Explanations for material adjustments |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | - | - | - | |
| Call investment deposits | - | - | - | |
| Consumer debtors | 8 665 883 | - | 8 665 883 | |
| Other Receivables | 8 200 000 | - | 8 200 000 | |
| Current portion of long-term receivables | - | - | - | |
| Inventory | 500 000 | - | 500 000 | |
| **Total current assets** | 17 365 883 | - | 17 365 883 | |
| **Non current assets** | | | | |
| Long-term receivables | - | - | - | |
| Investments | - | - | - | |
| Investment property | 9 982 000 | (9 982 000) | - | Provincial Treasury recommende that an amount of R 1 800 000 that was budgeted for vehicles should be omitted. |
| Property, plant and equipment | 328 409 548 | - | 328 409 548 | |
| Biological Assets | 450 000 | - | 450 000 | The Municiaplity shoud secure financing first before budgeting for loans to purchase vehicles. |
| Intangible Assets | 304 090 | - | 304 090 | |
| Heritage Assets | - | - | - | |
| **Total non current assets** | 339 145 638 | (9 982 000) | 329 163 638 | |
| **TOTAL ASSETS** | 356 511 521 | (9 982 000) | 346 529 521 | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Borrowing | 1 523 465 | - | 1 523 465 | |
| Consumer deposits | 190 000 | - | 190 000 | |
| Trade and other payables | 46 161 317 | - | 46 161 317 | |
| Provisions and Employee Benefits | 11 105 000 | - | 11 105 000 | |
| **Total current liabilities** | 101 170 709 | - | 101 170 709 | |
| **Non current liabilities** | | | | |
| Borrowing | 3 046 000 | - | 3 046 000 | |
| Provisions and Employee Benefits | 22 275 953 | - | 22 275 953 | |
| **Total non current liabilities** | 25 321 953 | - | 25 321 953 | |
| **TOTAL LIABILITIES** | 126 492 662 | - | 126 492 662 | |
| **NET ASSETS** | 230 018 859 | (9 982 000) | 220 036 859 | |
| **COMMUNITY WEALTH** | | | | |
| Accumulated Surplus/(Deficit) | 230 018 859 | - | 230 018 859 | |
| Reserves | - | - | - | |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 230 018 859 | - | 230 018 859 | |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2017 R (Actual) | 2017 R (Final Buget) | 2017 R (Variance) | Explanations for material variances |
|---|---|---|---|---|
| **REVENUE BY SOURCE** | | | | |
| Property rates | 10 229 022 | 11 015 862 | (786 841) | Budgeted income not realised due to economic decline |
| Service charges | 49 463 092 | 57 462 074 | (7 998 982) | Budgeted income not realised due to economic decline |
| Rental of facilities and equipment | 240 019 | 248 000 | (7 981) | |
| Interest earned - external investments | 247 374 | 100 000 | 147 374 | Slow spending on grants resulted in grant funds being invested. |
| Interest earned - outstanding debtors | 498 642 | 700 000 | (201 358) | Debt control policy inadequately implemented |
| Fines | 2 331 077 | 3 000 100 | (669 023) | Camera fines debt control inadequately implemented. |
| Licences and permits | 84 978 | 80 000 | 4 978 | |
| Agency services | 990 080 | 800 000 | 190 080 | |
| Government Grants and Subsidies - Operating | 43 912 142 | 45 393 000 | (1 480 858) | Library spending was less than amount received, INEP incorrectly classified |
| Other revenue | 11 512 792 | 618 000 | 10 894 792 | Change in landfill site provision and contributed PPE |
| Gains on disposal of PPE | 477 509 | - | 477 509 | Did not budget for sale of assets |
| **Total Operating Revenue** | 119 986 727 | 119 417 036 | 569 691 | |
| **EXPENDITURE BY TYPE** | | | | |
| Employee related costs | 49 104 023 | 45 652 873 | 3 451 150 | Excessive overtime due to emergency maintenance |
| Remuneration of councillors | 4 121 639 | 3 340 924 | 780 715 | Two additional councillors were appointed |
| Debt impairment | 16 974 893 | 13 864 163 | 3 110 730 | Debt control policy inadequately implemented |
| Depreciation & asset impairment | 11 476 933 | 14 610 090 | (3 133 157) | |
| Finance charges | 16 695 619 | 1 836 000 | 14 859 619 | Interest on long oustanding/late payments on Creditors due to cash flow constraints |
| Bulk purchases | 38 413 732 | 36 900 000 | 1 513 732 | Increase in user demand |
| Other materials | - | - | - | |
| Contracted services | - | 1 800 000 | (1 800 000) | Inappropriately budgeted |
| Grants and subsidies paid | - | - | - | |
| Other expenditure | 29 099 080 | 29 823 850 | (724 770) | |
| Loss on disposal of PPE | 1 440 262 | - | 1 440 262 | Did not budget for sale of assets |
| **Total Operating Expenditure** | 167 326 181 | 147 827 901 | 19 498 280 | |
| **Operating Deficit for the year** | (47 339 454) | (28 410 865) | (18 928 589) | |
| Government Grants and Subsidies - Capital | 35 916 860 | 36 351 000 | (434 140) | Underspending on MIG and budgeted for RBIG |
| **Net Surplus/(Deficit) for the year** | (11 422 594) | 7 940 135 | (19 362 729) | |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Buget) | Reasons for material adjustments |
|---|---|---|---|---|
| **REVENUE BY SOURCE** | | | | |
| Property rates | 11 015 862 | - | 11 015 862 | |
| Property rates - penalties & collection charges | - | - | - | |
| Service charges | 57 462 074 | - | 57 462 074 | |
| Rental of facilities and equipment | 248 000 | - | 248 000 | |
| Interest earned - external investments | 100 000 | - | 100 000 | |
| Interest earned - outstanding debtors | 700 000 | - | 700 000 | |
| Dividends received | - | - | - | |
| Fines | 3 000 100 | - | 3 000 100 | |
| Licences and permits | 80 000 | - | 80 000 | |
| Agency services | 800 000 | - | 800 000 | |
| Government Grants and Subsidies - Operating | 45 393 000 | - | 45 393 000 | |
| Other revenue | 618 000 | - | 618 000 | |
| Gains on disposal of PPE | - | - | - | |
| **Total Operating Revenue** | 119 417 036 | - | 119 417 036 | |
| **EXPENDITURE BY TYPE** | | | | |
| Employee related costs | 45 652 873 | - | 45 652 873 | |
| Remuneration of councillors | 3 340 924 | - | 3 340 924 | |
| Debt impairment | 13 864 163 | - | 13 864 163 | |
| Depreciation & asset impairment | 14 610 090 | 0 | 14 610 090 | |
| Finance charges | 1 836 000 | - | 1 836 000 | |
| Bulk purchases | 36 900 000 | - | 36 900 000 | |
| Other materials | - | - | - | |
| Contracted services | 1 800 000 | - | 1 800 000 | |
| Grants and subsidies paid | - | - | - | |
| Other expenditure | 29 823 850 | - | 29 823 850 | |
| Loss on disposal of PPE | - | - | - | |
| **Total Operating Expenditure** | 147 827 900 | 0 | 147 827 901 | |
| **Operating Deficit for the year** | (28 410 865) | (0) | (28 410 865) | |
| Government Grants and Subsidies - Capital | 20 051 000 | 16 300 000 | 36 351 000 | Additional funds allocated |
| **Net Surplus/(Deficit) for the year** | (8 359 865) | 16 300 000 | 7 940 135 | |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

| | 2017 R (Actual) | 2017 R (Final Buget) | 2017 R (Variance) | Explanations for material variances |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Property rates, penalties & collection charges | 10 229 022 | 8 812 690 | 1 416 332 | Incor |
| Service charges | 26 762 924 | 52 245 811 | (25 482 888) | Low collection rate |
| Other revenue | 13 801 862 | 10 579 135 | 3 222 727 | Low collection rate |
| Government - operating | 44 062 379 | 45 393 000 | (1 330 621) | Additional funds received from NT |
| Government - capital | 37 118 049 | 20 051 000 | 17 067 049 | Additional funds received from NT |
| Interest | 746 016 | 660 000 | 86 016 | Slow spending of grants resulted in money being invested |
| Dividends | - | - | - | |
| **Payments** | | | | |
| Suppliers and Employees | (86 264 174) | (123 913 647) | 37 649 473 | Low cash flow, limited expenditure |
| Finance charges | (16 695 619) | (1 199 000) | (15 496 619) | Interest increased due to outstanding creditors |
| Transfers and Grants | - | - | - | Grant expenditure journalised to PPE |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | 29 760 459 | 12 628 988 | 17 131 470 | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Proceeds on disposal of Assets | 2 461 635 | - | 2 461 635 | |
| Decrease/(increase) in non-current receivables | - | - | - | |
| Decrease/(increase) in non-current investments | - | - | - | |
| **Payments** | | | | |
| Capital assets | (31 104 388) | (36 931 000) | 5 826 612 | Additional funding received from NT resulted in increased expenditure |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | -28 642 753 | (36 931 000) | 8 288 247 | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Borrowing | - | - | - | |
| Increase/(decrease) in consumer deposits | (9 082) | 6 000 | (15 082) | |
| **Payments** | | | | |
| Repayment of borrowing | (1 536 031) | (1 521 915) | (14 116) | New finance lease raised resulted in increased repayment of borrowing |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | -1 545 113 | (1 515 915) | -29 198 | |
| **NET INCREASE/(DECREASE) IN CASH HELD** | -427 408 | (25 817 927) | 25 390 519 | |
| Cash and Cash Equivalents at the beginning of the year | 2 849 960 | (32 673 000) | 35 522 960 | |
| Cash and Cash Equivalents at the end of the year | (2 422 554) | (58 490 927) | 56 068 373 | |

**SIYANCUMA LOCAL MUNICIPALITY**
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

| | 2017 R (Approved Budget) | 2017 R (Adjustments) | 2017 R (Final Budget) | Reasons for material adjustments |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Property rates, penalties & collection charges | 8 812 690 | | 8 812 690 | |
| Service charges | 52 245 811 | | 52 245 811 | |
| Other revenue | 10 579 135 | - | 10 579 135 | |
| Government - operating | 45 393 000 | - | 45 393 000 | Budgeted wrong |
| | | | | Wrongfully recognised all capital assets instead of only capital assets financed by conditional grants |
| Government - capital | 20 051 000 | - | 20 051 000 | |
| Interest | 660 000 | - | 660 000 | Amount adjusted due to mid year actuals |
| Dividends | - | - | - | |
| **Payments** | | | | |
| Suppliers and Employees | (123 913 647) | - | (123 913 647) | |
| Finance charges | (1 199 000) | - | (1 199 000) | |
| Transfers and Grants | - | - | - | |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | 12 628 988 | - | 12 628 988 | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Proceeds on disposal of Assets | - | - | - | |
| Decrease/(increase) in non-current receivables | - | - | - | |
| Decrease/(increase) in non-current investments | - | - | - | |
| **Payments** | | | | |
| | | | | Wrongfully recognised all capital assets instead of only capital assets financed by conditional grants |
| Capital assets | (20 631 000) | (16 300 000) | (36 931 000) | |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | (20 631 000) | (16 300 000) | (36 931 000) | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Borrowing | - | - | - | Funding for new vehicles was omitted as per recommendation by PT |
| Increase/(decrease) in consumer deposits | 6 000 | - | 6 000 | |
| **Payments** | | | | |
| Repayment of borrowing | (1 521 915) | - | (1 521 915) | |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | -1 515 915 | - | (1 515 915) | |
| **NET INCREASE/(DECREASE) IN CASH HELD** | (9 517 927) | (16 300 000) | (25 817 927) | |
| Cash and Cash Equivalents at the beginning of the year | (32 673 000) | - | (32 673 000) | |
| Cash and Cash Equivalents at the end of the year | (42 190 927) | (16 300 000) | (58 490 927) | |

## 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

### 1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

### 1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

### 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

### 1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements..

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

### 1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

| Standard | Description | Effective Date |
|---|---|---|
| **GRAP 20**<br>**(Original – June 2011)** | **Related Party Disclosure**<br>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.<br><br>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements. | **Unknown** |
| **GRAP 32**<br>**(Original – Aug 2013)** | **Service Concession Arrangements: Grantor**<br>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.<br><br>No significant impact expected as any such transactions or events are expected in the foreseeable future. | **Unknown** |
| **GRAP 108**<br>**(Original – Sept 2013)** | **Statutory Receivables**<br>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.<br><br>The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy. | **Unknown** |
| **GRAP 109** | **Accounting by Principles and Agents**<br>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a | Unknown |

| | | |
|---|---|---|
| | principal or an agent in undertaking transactions in terms of such an arrangement.<br><br>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment. | |
| **IGRAP 17** | **Service Concession Arrangements where a grantor controls a significant residual interest in an Asset**<br>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.<br><br>No such transactions or events are expected in the foreseeable future. | **Unknown** |

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## 1.9. LEASES

### *1.9.1 Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will

give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### *1.9.2 Municipality as Lessor*

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

## 1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

## 1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

## 1.12. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

## 1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a

provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

## 1.14. EMPLOYEE BENEFITS

### 1.14.1 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the

period that it occurs. These obligations are valued annually by independent qualified actuaries.

### *1.14.2 Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### 1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

### *1.14.4 Staff Bonuses Accrued*

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

### *1.14.5 Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### *1.14.6 Pension and retirement fund obligations*

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### *1.14.7 Other Short-term Employee Benefits*

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

## 1.15. PROPERTY, PLANT AND EQUIPMENT

### *1.15.1 Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### *1.15.2 Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

### *1.15.3 Depreciation and Impairment*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

| | ***Years*** | | ***Years*** |
|---|---|---|---|
| **Infrastructure** | | **Other** | |
| Road network | 1-74 | Air Conditioners | 1-11 |
| Stormwater network | 27-70 | Chairs | 1-10 |
| Electricity network | 2-50 | Electronic equipment | 1-10 |
| Water network | 3-100 | Motor Vehicles | 2-8 |
| Sanitation network | 4-100 | Furniture and fittings | 1-27 |
| | | Office Equipment | 1-2 |
| **Buildings** | | Trailers | 1-6 |
| Buildings | 46-97 | Tables and Desks | 2-18 |
| | | Tractors | 2-5 |
| **Community** | | Trucks | 1-11 |
| Recreational Facilities | 91 | Works Equipment | 1-6 |
| Halls | 46-91 | Computer Hardware | 1-6 |
| Libraries | 24-91 | Landfill sites | 1-5 |
| | | | |
| **Leased Assets** | | | |
| Office equipment | 2.5-5 | | |

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### *1.15.4 De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of

the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.16. INTANGIBLE ASSETS

### *1.16.1 Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### *1.16.2 Subsequent Measurement – Cost Model*

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the

useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### *1.16.3 Amortisation and Impairment*

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| **Intangible Assets** | **Years** |
|---|---|
| Computer Software | 2-9 |

### *1.16.4 De-recognition*

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.17. INVESTMENT PROPERTY

### *1.17.1 Initial Recognition*

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for

subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### *1.17.2 Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

### *1.17.3 Depreciation and Impairment – Cost Model*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

| **Investment Property** | **Years** |
|---|---|
| Buildings | 30 |

### *1.17.4 De-recognition*

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.18 HERITAGE ASSETS

### *1.18.1 Initial Recognition*

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

### *1.18.2 Subsequent Measurement – Cost Model*

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

### *1.18.3 Depreciation and Impairment*

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### *1.18.4 De-recognition*

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

## 1.19 BIOLOGICAL ASSETS

### *1.19.1 Initial Recognition*

A biological asset or agricultural produce is recognised when, and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

### *1.19.2 Subsequent Measurement*

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry at hunting prices. Game is considered to be consumable/bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

## 1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

### *1.20.1 Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### *1.20.2 Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information
- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## 1.21. INVENTORIES

### *1.21.1 Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### *1.21.2 Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

## 1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### *1.22.1 Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### *1.22.2 Subsequent Measurement*

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### *1.22.2.1 Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

*1.22.2.2* *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

*1.22.2.3* *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

*1.22.2.4* *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

***1.22.3 De-recognition of Financial Instruments***

*1.22.3.1* *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset,

the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*1.22.3.2* *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### *1.22.4 Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

## 1.23. REVENUE

### *1.23.1 Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the

Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services

in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

### *1.23.2 Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or

services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## 1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

## 1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

## 1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

### *1.29.1 Post-retirement medical obligations and Long service awards*

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### *1.29.2 Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

### *1.29.3 Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

### *1.29.4 Intangible Assets*

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

### *1.29.5 Investment Property*

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

### *1.29.6 Provisions and Contingent Liabilities*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### *1.29.7 Revenue Recognition*

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### *1.29.8 Provision for Landfill Sites*

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

### *1.29.9 Provision for Staff leave*

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

### *1.29.10 Provision for Performance bonuses*

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

***1.29.11 Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

***1.29.12 Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

## 1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

## 1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

## 1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **2** | **LONG TERM LIABILITIES** | | |
| | Annuity Loans - At amortised cost | 76 509 | 680 539 |
| | Capitalised Lease Liability - At amortised cost | 5 331 041 | 5 243 277 |
| | | **5 407 549** | **5 923 816** |
| | **Less:** Current Portion transferred to Current Liabilities | **1 365 983** | **1 397 463** |
| | Annuity Loans - At amortised cost | 76 509 | 604 030 |
| | Capitalised Lease Liability - At amortised cost | 1 289 474 | 793 433 |
| | **Total Long-term Liabilities - At amortised cost using the effective interest rate method** | **4 041 567** | **4 526 353** |

| | 2017<br>R | 2016<br>R |
|---|---|---|
| The obligations under annuity loans are scheduled below: | **Minimum annuity payments** | |
| Amounts payable under annuity loans: | | |
| Payable within one year | 77 612 | 639 063 |
| Payable within two to five years | - | 77 612 |
| Payable after five years | - | - |
| | 77 612 | 716 675 |
| **Less:** Future finance obligations | (1 103) | (36 137) |
| **Present value of annuity obligations** | **76 509** | **680 538** |

Annuity loans at amortised cost is calculated at 10%-16.05% interest rate, with maturity date of 1 September 2017. The other loans are secured as follows:

| Description of assets: | Effective Interest | | Maturity Date | | |
|---|---|---|---|---|---|
| NISSAN NP200 CDR 062 NC | 10.50 | Secured | 2016-11-01 | - | 11 391 |
| NISSAN NP200 CDN 916 NC | 10.50 | Secured | 2016-10-01 | - | 9 139 |
| NISSAN HARDBODY NP300 CDP 880 NC | 10.50 | Secured | 2016-11-01 | - | 16 086 |
| HYUNDAI H100 CDP 690 NC | 10.50 | Secured | 2016-10-01 | - | 17 068 |
| JOHN DEERE CFR 787 NC (017) | 10.50 | Secured | 2017-07-01 | 5 595 | 69 059 |
| TATA TIPPER CFZ 066 NC (019) | 10.50 | Secured | 2017-09-01 | 39 788 | 189 389 |
| NISSAN HARDBODY NP300 CDP 876 NC (012) | 10.00 | Secured | 2016-11-01 | - | 23 503 |
| NISSAN TIIDA CDP 877 NC | 10.50 | Secured | 2016-11-01 | - | 18 595 |
| QUANTUM CDP 884 NC | 10.50 | Secured | 2016-11-01 | - | 34 436 |
| NISSAN HARDBODY CDZ032 NC | 10.50 | Secured | 2016-12-01 | - | 19 189 |
| NISSAN HARDBODY CDT 116 NC | 10.50 | Secured | 2016-12-01 | - | 19 228 |
| NISSAN HARDBODY CDT 114 NC | 10.50 | Secured | 2016-12-01 | - | 19 228 |
| NISSAN HARDBODY CDP 879 NC | 10.50 | Secured | 2012-11-01 | - | 16 072 |
| TOYOTA HILUX CDK 987 NC | 10.50 | Secured | 2016-09-02 | - | 10 770 |
| TATA HONEY SUCKER CFZ 858 NC (018) | 10.00 | Secured | 2017-08-01 | 31 125 | 207 384 |
| | | | | 76 509 | 680 539 |

The depreciation and the finance charge relating to the secured asset was included as part of the total depreciation and finance charges respectively. Please refer to note 11 and note 30

| | 2017<br>R | 2016<br>R |
|---|---|---|
| The obligations under finance leases are scheduled below: | **Minimum lease payments** | |
| Amounts payable under finance leases: | | |
| Payable within one year | 2 981 118 | 2 639 118 |
| Payable within two to five years | 5 578 907 | 7 192 025 |
| Payable after five years | - | - |
| | 8 560 025 | 9 831 143 |
| **Less:** Future finance obligations | (3 228 984) | (4 587 866) |
| **Present value of lease obligations** | **5 331 041** | **5 243 277** |

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 30 June 2021.

Refer to note 11 for the finance lease assets capitalised.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

**LONG TERM LIABILITIES (CONTINUE)**

| Description of leased item | Effective Interest | Lease Term | Maturity Date | 2017 R | 2016 R |
|---|---|---|---|---|---|
| Various (R150100) | 9 to 59% | 5 | 2019-12-31 | 2 669 127 | 3 160 051 |
| Various (R2200) | 48.0% | 5 | 2020-01-31 | 44 252 | 51 293 |
| Various (R18918) | 41.0% | 5 | 2020-03-31 | 422 121 | 490 871 |
| PABX (R16700) | 19.5% | 5 | 2020-09-30 | 547 157 | 657 245 |
| CCTV Cameras (R24000) | 25.4% | 5 | 2021-01-31 | 767 188 | 883 817 |
| Biometric Access Control (R28500) | 23.5% | 5 | 2021-06-30 | 881 197 | - |
| | | | | 5 331 041 | 5 243 277 |

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 11 and note 30

| | | | 2017 R | 2016 R |
|---|---|---|---|---|
| 3 | **EMPLOYEE BENEFITS** | | | |
| | Post Retirement Benefits | 3.1 | 17 638 481 | 16 653 861 |
| | Long Service Awards | 3.2 | 2 216 884 | 2 005 857 |
| | **Total Non-current Employee Benefit Liabilities** | | **19 855 365** | **18 659 718** |
| | ***Post Retirement Benefits*** | | | |
| | Balance 1 July | | 17 178 777 | 14 734 652 |
| | Contribution for the year | | (488 573) | (439 319) |
| | Expenditure for the year | | 2 297 498 | 1 852 084 |
| | Actuarial Loss/(Gain) | | (745 612) | 1 031 360 |
| | **Total post retirement benefits 30 June** | | **18 242 090** | **17 178 777** |
| | **Less:** Transfer of Current Portion | 6 | (603 609) | (524 916) |
| | **Balance 30 June** | | 17 638 481 | 16 653 861 |
| | ***Long Service Awards*** | | | |
| | Balance 1 July | | 2 203 322 | 2 066 958 |
| | Contribution for the year | | (228 271) | (221 206) |
| | Expenditure for the year | | 352 425 | 322 689 |
| | Actuarial Loss | | (22 776) | 34 881 |
| | **Total long service 30 June** | | **2 304 700** | **2 203 322** |
| | **Less:** Transfer of Current Portion | 6 | (87 816) | (197 465) |
| | **Balance 30 June** | | **2 216 884** | **2 005 857** |
| | ***TOTAL NON-CURRENT EMPLOYEE BENEFITS*** | | | |
| | Balance 1 July | | 19 382 099 | 16 801 610 |
| | Contribution for the year | | (716 844) | (660 525) |
| | Expenditure for the year | | 2 649 923 | 2 174 773 |
| | Actuarial Loss/(Gain) | | (768 388) | 1 066 241 |
| | **Total employee benefits 30 June** | | **20 546 790** | **19 382 099** |
| | **Less:** Transfer of Current Portion | 6 | (691 425) | (722 381) |
| | **Balance 30 June** | | **19 855 365** | **18 659 718** |

## 3 EMPLOYEE BENEFITS (CONTINUE)

### 3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

| | 2017 Number of members | 2016 Number of members |
|---|---|---|
| In-service (employee) members | 62 | 65 |
| Continuation members (e.g. Retirees, widows, orphans) | 13 | 13 |
| **Total Members** | **75** | **78** |

| | R | R |
|---|---|---|
| The liability in respect of past service has been estimated to be as follows: | | |
| In-service members | 11 342 846 | 10 681 683 |
| Continuation members | 6 899 244 | 6 497 094 |
| **Total Liability** | **18 242 090** | **17 178 777** |

| | 2015 R | 2014 R | 2013 R |
|---|---|---|---|
| In-service members | 9 097 705 | 6 782 659 | 4 969 926 |
| Continuation members | 5 636 947 | 5 133 376 | 5 297 004 |
| **Total Liability** | **14 734 652** | **11 916 035** | **10 266 930** |

| | 2017 R | 2016 R |
|---|---|---|
| Experience adjustments were calculated as follows: | **Rm** | **Rm** |
| Liabilities: (Gain) / loss | 1.669 | 1.386 |
| Assets: Gain / (loss) | - | - |

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2015 Rm | 2014 Rm | 2013 Rm |
|---|---|---|---|
| Liabilities: (Gain) / loss | 1.843 | 0.455 | 0.822 |
| Assets: Gain / (loss) | - | - | - |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

| | | |
|---|---|---|
| Bonitas | Keyhealth | Samwumed |
| LA Health | Hosmed | |

The Municipality's Accrued Unfunded Liability at 30 June 2017 is estimated at R18.242 million. The Current-service Cost for the year ending 30 June 2017 is estimated at R766 609. It is estimated to be R713 349 for the ensuing year.

| Key actuarial assumptions used: | 2017 % | 2016 % |
|---|---|---|
| **i) Rate of interest** | | |
| Discount rate | 9.70% | 9.05% |
| Health Care Cost Inflation Rate | 7.99% | 8.15% |
| Net Effective Discount Rate | 1.58% | 0.83% |

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at ages 65 (male) and 60 (female), which then implicitly allows for expected rates of early and ill-health retirement.

| | 2017 R | 2016 R |
|---|---|---|
| **The amounts recognised in the Statement of Financial Position are as follows:** | | |
| Present value of fund obligations | 18 242 090 | 17 178 777 |
| **Net liability/(asset)** | **18 242 090** | **17 178 777** |

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **3** | **EMPLOYEE BENEFITS (CONTINUE)** | | | |
| | **Reconciliation of present value of fund obligation:** | | | |
| | Present value of fund obligation at the beginning of the year | | 17 178 777 | 14 734 652 |
| | Total expenses | | 1 808 925 | 1 412 765 |
| | Current service cost | | 766 609 | 587 277 |
| | Interest Cost | | 1 530 889 | 1 264 807 |
| | Benefits Paid | | (488 573) | (439 319) |
| | Actuarial (gains)/losses | | (745 612) | 1 031 360 |
| | Present value of fund obligation at the end of the year | | 18 242 090 | 17 178 777 |
| | **Less:** Transfer of Current Portion | 6 | (603 609) | (524 916) |
| | **Balance 30 June** | | **17 638 481** | **16 653 861** |

**Sensitivity Analysis on the Accrued Liability**

| Assumption | Change | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---|---|---|---|---|---|
| **Central Assumptions** | | 11.343 | 6.899 | 18.242 | |
| Health care inflation | 1% | 13.712 | 7.528 | 21.240 | 16% |
| Health care inflation | -1% | 9.459 | 6.348 | 15.807 | -13% |
| Discount Rate | 1% | 9.500 | 6.360 | 15.860 | -13% |
| Discount Rate | -1% | 13.694 | 7.523 | 21.217 | 16% |
| Post-retirement mortality | -1 year | 11.722 | 7.183 | 18.905 | 4% |
| Average retirement age | -1 year | 12.233 | 6.899 | 19.132 | 5% |
| Contiuation of membership at retirement | -10% | 10.176 | 6.899 | 17.075 | -6% |

**Sensitivity Analysis on the Current Service Cost and Interest Costs**

| Assumption | Change | Current-service Cost (R) | Interest Cost (R) | Total (R) | % change |
|---|---|---|---|---|---|
| **Central Assumption** | | 713 300 | 1 741 500 | 2 454 800 | |
| Health care inflation | 1% | 878 800 | 2 032 100 | 2 910 900 | 19% |
| Health care inflation | -1% | 583 800 | 1 505 300 | 2 089 100 | -15% |
| Discount Rate | 1% | 591 900 | 1 666 100 | 2 258 000 | -8% |
| Discount Rate | -1% | 869 600 | 1 820 900 | 2 690 500 | 10% |
| Post-retirement mortality | -1 year | 736 900 | 1 805 700 | 2 542 600 | 4% |
| Average retirement age | -1 year | 719 200 | 1 827 800 | 2 547 000 | 4% |
| Contiuation of membership at retirement | -10% | 641 000 | 1 628 200 | 2 269 200 | -8% |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **3.2** | **Long Service Bonuses** | | |

The Long Service Bonus plans are defined benefit plans. As at year end, 166 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2017 is R172 067. The Current-service Cost for the ensuing year has been estimated to be R188 169.

| Key actuarial assumptions used: | 2017<br>% | 2016<br>% |
|---|---|---|
| **i) Rate of interest** | | |
| Discount rate | 8.46% | 8.56% |
| General Salary Inflation (long-term) | 6.27% | 7.22% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 2.05% | 1.25% |

| Experience adjustments were calculated as follows: | 2017<br>R | 2016<br>R |
|---|---|---|
| Liabilities: (Gain) / loss | 69 123 | 87 372 |
| Assets: Gain / (loss) | - | - |

| 3 | EMPLOYEE BENEFITS (CONTINUE) | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|---|

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2015<br>R | 2014<br>R | 2013<br>R |
|---|---|---|---|
| Liabilities: (Gain) / loss | 116 895 | 135 870 | 256 695 |
| Assets: Gain / (loss) | - | - | - |

**The amounts recognised in the Statement of Financial Position are as follows:**

| | | | |
|---|---|---|---|
| Present value of fund obligations | | 2 304 700 | 2 203 322 |
| **Net liability/(asset)** | | **2 304 700** | **2 203 322** |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2015<br>R | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **Total Liability** | 2 066 958 | 1 887 806 | 1 798 038 |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **Reconciliation of present value of fund obligation:** | | | |
| Present value of fund obligation at the beginning of the year | | 2 203 322 | 2 066 958 |
| Total expenses | | 124 154 | 101 483 |
| Current service cost | | 172 067 | 166 666 |
| Interest Cost | | 180 358 | 156 023 |
| Benefits Paid | | (228 271) | (221 206) |
| Actuarial (gains)/losses | | (22 776) | 34 881 |
| Present value of fund obligation at the end of the year | | 2 304 700 | 2 203 322 |
| **Less:** Transfer of Current Portion | 6 | (87 816) | (197 465) |
| **Balance as at 30 June** | | **2 216 884** | **2 005 857** |

| 3 | EMPLOYEE BENEFITS (CONTINUE) | 2017<br>R | 2016<br>R |
|---|---|---|---|

**Sensitivity Analysis on the Unfunded Accrued Liability**

| Assumption | Change | Liability (Rm) | % change |
|---|---|---|---|
| Central assumptions | | 2.305 | |
| General salary inflation | 1% | 2.454 | 6% |
| General salary inflation | -1% | 2.169 | -6% |
| Discount Rate | 1% | 2.164 | -6% |
| Discount Rate | -1% | 2.462 | 7% |
| Average retirement age | -2 yrs. | 2.032 | -12% |
| Average retirement age | 2 yrs | 2.635 | 14% |
| Withdrawal rates | -50% | 2.647 | 15% |

| 3 | EMPLOYEE BENEFITS (CONTINUE) | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **3.3** | **Retirement funds** | | |
| | The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25. | | |
| | As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension. | | |
| | Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31. | | |
| | ***CAPE JOINT PENSION FUND*** | | |
| | The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 153.1% (30 June 2015 - 101.7%). | | |
| | Contributions paid recognised in the Statement of Financial Performance | 1 798 332 | 1 237 480 |
| | ***IMATU PENSION FUND*** | | |
| | The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future | | |
| | Contributions paid recognised in the Statement of Financial Performance | 422 572 | 385 372 |
| | ***SALA PENSION FUND*** | | |
| | The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future | | |
| | Contributions paid recognised in the Statement of Financial Performance | 2 178 839 | 2 044 715 |
| | ***SAMWU PROVIDENT FUND*** | | |
| | The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future | | |
| | Contributions paid recognised in the Statement of Financial Performance | 635 656 | 662 454 |

| 4 | NON-CURRENT PROVISIONS | | 2017 R | 2016 R |
|---|---|---|---|---|
| | Provision for Rehabilitation of Landfill-sites | | 10 995 246 | 10 816 046 |
| | **Total Non-current Provisions** | | **10 995 246** | **10 816 046** |
| | ***Landfill Sites*** | | | |
| | Balance 1 July | | 20 812 926 | 9 156 223 |
| | Increase in Estimate | | (574 045) | 11 114 710 |
| | Unwinding of discounted interest | | 1 352 840 | 541 993 |
| | **Total provision 30 June** | | **21 591 722** | **20 812 926** |
| | **Less:** Transfer of Current Portion to Current Provisions | 7 | (10 596 476) | (9 996 880) |
| | **Balance 30 June** | | **10 995 246** | **10 816 046** |

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

| Location | Estimated decommission date | Cost of rehabilitation 2017 R | Cost of rehabilitation 2016 R |
|---|---|---|---|
| Douglas | 2022 | 10 995 246 | 10 816 046 |
| Griekwastad | 2017 | 7 129 418 | 7 185 425 |
| Campbell | 2017 | 3 467 058 | 2 811 456 |
| | | 21 591 722 | 20 812 926 |

**Material Assumtions used**

| Area of landfill site consumed | 2015 | 2016 | 2017 |
|---|---|---|---|
| Douglas | 1.78% | 72.04% | 76.39% |
| Griekwastad | 9.74% | 49.56% | 100.00% |
| Campbell | 100.00% | 100.00% | 100.00% |
| Discount Rate used | | 5.92% | 6.50% |

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

| 5 | CONSUMER DEPOSITS | | 2017 R | 2016 R |
|---|---|---|---|---|
| | Water & Electricity | | 187 385 | 196 467 |
| | **Total Consumer Deposits** | | **187 385** | **196 467** |

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

| 6 | CURRENT EMPLOYEE BENEFITS | | 2017 R | 2016 R |
|---|---|---|---|---|
| | Current Portion of Post Retirement Benefits | 3 | 603 609 | 524 916 |
| | Current Portion of Long-Service Awards | 3 | 87 816 | 197 465 |
| | Bonuses | | 1 170 231 | 1 088 684 |
| | Staff Leave | | 4 195 585 | 3 925 480 |
| | **Total Current Employee Benefits** | | **6 057 242** | **5 736 545** |

The movement in current employee benefits are reconciled as follows:

***Bonuses***

| | | |
|---|---|---|
| Balance at beginning of year | 1 088 684 | 971 329 |
| Contribution to current portion | 2 102 759 | 1 883 170 |
| Expenditure incurred | -2 021 211 | -1 765 815 |
| Balance at end of year | **1 170 231** | **1 088 684** |

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, November. There is no possibility of reimbursement.

***Staff Leave***

| | | |
|---|---|---|
| Balance at beginning of year | 3 925 480 | 3 546 797 |
| Contribution to current portion | 605 572 | 531 259 |
| Expenditure incurred | -335 467 | -152 577 |
| Balance at end of year | **4 195 585** | **3 925 480** |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

| 7 | PROVISIONS | | 2017 R | 2016 R |
|---|---|---|---|---|
| | Current Portion of Rehabilitation of Landfill-sites | 4 | 10 596 476 | 9 996 880 |
| | **Total Provisions** | | **10 596 476** | **9 996 880** |

| 8 | PAYABLES FROM EXCHANGE TRANSACTIONS | | 2017 R | 2016 R |
|---|---|---|---|---|
| | Trade Payables | | 109 297 226 | 70 769 134 |
| | Balance previously reported | | | 72 645 452 |
| | Correction of General Expenses - Printing and Stationery against Payables from Exchange Transactions - Trade Payables (Credit note regarding Nashua invoice) | 34.07 | - | -1 255 |
| | Correction of VAT Payable from exchange Transactions - VAT receivable against Payables from Exchange Transactions (Credit note regarding Nashua invoice) | 34.07 | - | -176 |
| | Correction of General Expenses - Vehicles Fuel against Payables from Exchange Transactions - Trade Payables (Correction of creditor GWK invoice) | 34.07 | - | -1 288 |
| | Correction of General Expenses - Delegation Fees against Payables from Exchange Transactions - Trade Payables (Correction of creditor Moonriver Guesthouse invoice) | 34.07 | - | -7 000 |
| | Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.07 | - | -999 321 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.07 | - | -139 905 |
| | Correction of Payables from Exchange Transactions - Trade Payables against General Expenses - Audit Fees (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.07 | - | -638 048 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.07 | - | -89 327 |
| | Receivables with credit balances | | 663 617 | 457 694 |
| | Sundry Payables | | 4 536 237 | 4 563 357 |
| | Balance previously reported | | | 4 567 357 |
| | Correction of Accumulated Surplus against Payables from Exchange Transactions - Sundry Payables (Correction of Long Service Bonus paid out incorrectly in 2014/15) | 34.07 | - | -10 506 |
| | Correction of Trade and Other Receivables - Other Debtors against Payables from Exchange Transactions - Sundry Payables (Correction of classification of vote 9501/9574/9561) | 34.07 | - | 6 506 |
| | **Total Trade Payables** | | **114 497 080** | **75 790 185** |

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

| 9 | UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | 2017<br>R | 2016<br>R |
|---|---|---|---|
| | **Unspent Grants** | 2 489 500 | 1 138 074 |
| | National and Provincial Government Grants | 2 489 500 | 1 138 074 |
| | Other Sources | - | - |
| | **Less:** Unpaid Grants | - | - |
| | National and Provincial Government Grants | - | - |
| | Other Sources | - | - |
| | **Total Conditional Grants and Receipts** | **2 489 500** | **1 138 074** |

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

**Library Project**

Provincial Department - Library maintenance and Expenses

**Financial Management Grant**

National Treasury - Financial Management

**Municipal Systems Improvement Grant**

National Treasury - Municipal System Improvement

**Municipal Infrastructure Grant**

National Treasury - Municipal Infrastructure Improvement

**Douglas Oxidation Ponds**

Provincial Department - Infrastructure development

**LG Seta**

National Treasury - Personnel Training

**Expanded Public Works Programme**

Provincial Department - Road Maintenance

**Department of Minerals & Energy**

Provincial Department - Infrastructure development

**Griekwastad 457**

Provincial Department - Infrastructure development

**RBIG**

Provincial Department - Infrastructure development

| 10 | VAT PAYABLE FROM EXCHANGE-TRANSACTIONS | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| | VAT Payable | | 22 237 346 | 14 857 954 |
| | Balance previously reported | | - | 14 851 231 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.02 | - | 1 153 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.02 | - | 2 108 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.02 | - | 3 462 |
| | VAT Receivable | | (34 331 276) | (26 384 272) |
| | Balance previously reported | | - | (26 613 680) |
| | Correction of VAT Payable from exchange Transactions - VAT receivable against Payables from Exchange Transactions (Credit note regarding Nashua invoice) | 34.02 | - | 176 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.02 | - | 139 905 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.02 | - | 89 327 |
| | VAT Impairment contribution | | (6 738 815) | (4 977 954) |
| | | | **(18 832 745)** | **(16 504 272)** |

VAT is payable/receivable on the cash basis.

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **11** | **PROPERTY, PLANT AND EQUIPMENT** | | |

See attached sheet

| 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | 2017 R | 2016 R |
|---|---|---|
| **Impairment of property plant and equipment** | | |
| Impairment charges on Property, plant and equipment recognised in statement of financial performance | | |
| Infrastructure | - | 191 788 |
| Community Assets | - | 108 826 |
| Other | 33 880 | 190 042 |
| | **33 880** | **490 656** |

**Effect of changes in accounting estimates**

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.

| 2017 R | 2016 R | 2015 R |
|---|---|---|
| (51 590) | (28 604) | (987 404) |

| 12 INTANGIBLE ASSETS | 2017 R | 2016 R |
|---|---|---|
| **Computer System & Software** | | |
| **Net Carrying amount at 1 July** | **478 830** | **548 607** |
| Cost | 1 092 439 | 1 047 057 |
| Accumulated Amortisation | (613 609) | (498 450) |
| Acquisitions | 26 360 | 59 298 |
| Disposals | - | (13 915) |
| Impairments | - | - |
| Amortisation | (129 715) | (121 849) |
| Disposals | - | 6 690 |
| **Net Carrying amount at 30 June** | **375 476** | **478 830** |
| Cost | 1 118 800 | 1 092 439 |
| Accumulated Amortisation | (743 324) | (613 609) |

| Description | Remaining Amortisation Period | Carrying Value 2017 R | 2016 R |
|---|---|---|---|
| SEBATA - Accounting System | 1 | 48 768 | 97 805 |
| Microsoft Office | 1 - 5 | 103 107 | 115 937 |
| Cemetery Module | 4 | 13 814 | 17 588 |
| Implementation of Sebata | 3 - 5 | 138 453 | 160 463 |
| MPLS | 4 | 45 061 | 56 342 |
| Business Plan Pro Premier | 4 | 1 202 | 1 487 |
| Developed Website | 6 | 25 070 | 29 208 |

No intangible asset were assed having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

**Effect of changes in accounting estimates**

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.

| 2017 R | 2016 R | 2015 R |
|---|---|---|
| (284) | - | - |

## 13 BIOLOGICAL ASSETS

| | Quantity (Units) | Fair Value R | 2017 R | 2016 R |
|---|---|---|---|---|
| Springbuck | 297 | 728 | 216 350 | 149 200 |
| Blesbuck | 3 | 928 | 2 785 | 4 298 |
| | | | 219 135 | 153 498 |

Fair value of biological assets is based on hunting prices an open active market less costs to sell. Hunting prices were obtained from the Dept. of Economic Development, Tourism and Environmental Affairs to determine the fair value of game as at year end 30 June 2017

Reconciliation of fair value:

| | | |
|---|---|---|
| Opening Fair Value | 153 498 | 523 003 |
| Acquisitions | - | - |
| Disposals | - | (370 705) |
| Fair Value adjustments | 65 638 | 1 200 |
| Closing Fair Value | 219 135 | 153 498 |

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the hunting of game, resulting in an inflow of resources to the municipality.

## 14 CAPITALISED RESTORATION COST

| | 2017 R | 2016 R |
|---|---|---|
| **Net Carrying amount at 1 July** | **6 905 717** | **2 183** |
| Cost | 18 612 620 | 4 422 073 |
| Accumulated Depreciation | (11 660 299) | (4 362 989) |
| Accumulated Impairments | (46 604) | (56 901) |
| Acquisitions | - | 14 190 547 |
| Disposals | (50 986) | - |
| Depreciation for the year | (1 536 503) | (7 297 310) |
| Reversal of Impairment / (Impairment) | 7 557 | 10 297 |
| **Net Carrying amount at 30 June** | **5 325 785** | **6 905 717** |
| Cost | 18 561 635 | 18 612 620 |
| Accumulated Depreciation | (13 196 802) | (11 660 299) |
| Accumulated Impairments | (39 047) | (46 604) |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **15** | **INVENTORY** | | | |
| | Maintenance Materials - at Current Replacement Cost | | 281 207 | 354 314 |
| | Water – at Current Replacement Cost | | 2 066 | 2 145 |
| | **Total Inventory** | | **283 273** | **356 459** |

No inventory assets were pledged as security for liabilities.

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **16** | **TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS** | | | |
| | ***Service Receivables*** | | | |
| | Water | | 32 222 870 | 24 900 364 |
| | Electricity | | 6 688 758 | 5 658 480 |
| | Refuse | | 14 876 670 | 12 252 432 |
| | Sewerage | | 17 141 066 | 14 175 000 |
| | **Total Service Receivables** | | **70 929 364** | **56 986 275** |
| | Less: Allowance for Doubtful Debts | | -65 970 350 | -51 811 274 |
| | **Net Service Receivables** | | **4 959 014** | **5 175 001** |
| | ***Other Receivables*** | | | |
| | Other Debtors | | 1 941 479 | 631 524 |
| | Balance previously reported | | - | 625 051 |
| | Correction of Cash and cash equivalents against Trade and Other Receivables from Exchange Transactions - Other Debtors (Reversal of Cancelled EFT 15008687 cancelled as stale) | 34.01 | - | -32 |
| | Correction of Trade and Other Receivables - Other Debtors against Payables from Exchange Transactions - Sundry Payables (Correction of classification of vote 9501/9574/9561) | 34.01 | - | 6 506 |
| | Other Arrears | | 1 671 597 | 1 513 316 |
| | Rent Bongani | | 5 398 | 3 867 |
| | Sundry Accounts | | 1 664 021 | 1 507 338 |
| | Balance previously reported | | - | 1 452 589 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.01 | - | 8 238 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.01 | - | 1 153 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.01 | - | 15 055 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.01 | - | 2 108 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.01 | - | 24 732 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.01 | - | 3 462 |
| | Other | | 2 177 | 2 111 |
| | **Total Other Receivables** | | **3 613 076** | **2 144 840** |
| | Less: Allowance for Doubtful Debts | | -1 640 863 | -1 452 711 |
| | **Net Other Receivables** | | **1 972 213** | **692 129** |
| | **Total Net Receivables from Exchange Transactions** | | **6 931 227** | **5 867 130** |

| 16 | TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE) | 2017<br>R | 2016<br>R |
|---|---|---|---|
| | **Ageing of Receivables from Exchange Transactions** | | |
| | ***(Electricity): Ageing*** | | |
| | Current (0 - 30 days) | 2 898 657 | 2 233 040 |
| | 31 - 60 Days | 252 430 | 324 971 |
| | 61 - 90 Days | 157 545 | 135 424 |
| | + 90 Days | 3 380 127 | 2 965 046 |
| | **Total** | **6 688 758** | **5 658 480** |
| | ***(Water): Ageing*** | | |
| | Current (0 - 30 days) | 2 244 518 | 1 653 474 |
| | 31 - 60 Days | 972 305 | 660 611 |
| | 61 - 90 Days | 947 518 | 579 331 |
| | + 90 Days | 28 058 529 | 22 006 948 |
| | **Total** | **32 222 870** | **24 900 364** |
| | ***(Refuse): Ageing*** | | |
| | Current (0 - 30 days) | 493 183 | 596 798 |
| | 31 - 60 Days | 383 189 | 311 731 |
| | 61 - 90 Days | 367 758 | 294 212 |
| | + 90 Days | 13 632 540 | 11 049 691 |
| | **Total** | **14 876 670** | **12 252 432** |
| | ***(Sewerage): Ageing*** | | |
| | Current (0 - 30 days) | 651 377 | 709 358 |
| | 31 - 60 Days | 449 699 | 347 731 |
| | 61 - 90 Days | 416 444 | 319 694 |
| | + 90 Days | 15 623 546 | 12 798 217 |
| | **Total** | **17 141 066** | **14 175 000** |
| | ***(Other Receivables): Ageing*** | | |
| | Current (0 - 30 days) | 30 217 | 79 686 |
| | 31 - 60 Days | 18 900 | 18 913 |
| | 61 - 90 Days | 18 878 | 18 888 |
| | + 90 Days | 1 603 602 | 1 341 081 |
| | **Total** | **1 671 597** | **1 458 568** |

| 17 | TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS | 2017<br>R | 2016<br>R |
|---|---|---|---|
| | ***Service Receivables*** | | |
| | Taxes - Rates | 11 285 958 | 8 250 554 |
| | Fines | 7 165 803 | 5 167 650 |
| | **Total Service Receivables** | **18 451 761** | **13 418 204** |
| | Less: Allowance for Doubtful Debts | -16 638 109 | -12 265 727 |
| | **Net Service Receivables** | **1 813 652** | **1 152 477** |
| | **Total Net Receivables from Non-Exchange Transactions** | **1 813 652** | **1 152 477** |
| | **Ageing of Receivables from Non-Exchange Transactions** | | |
| | ***(Rates): Ageing*** | | |
| | Current (0 - 30 days) | 2 431 008 | 386 253 |
| | 31 - 60 Days | 177 480 | 223 398 |
| | 61 - 90 Days | 151 202 | 183 084 |
| | + 90 Days | 8 526 268 | 7 457 819 |
| | **Total** | **11 285 958** | **8 250 554** |

## 18 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

| Summary of Receivables by Customer Classification | Residential, Industrial & Commercial | Other Debtors | National and Provincial Government | Total |
|---|---|---|---|---|
| **2017** | **R's** | **R's** | **R's** | **R's** |
| Total Receivables | 91 568 789 | 601 913 | 823 498 | 92 994 200 |
| Less: Provision for doubtful debts | -83 723 254 | -526 068 | - | -84 249 322 |
| **Total Recoverable debtors by customer classification** | **7 845 535** | **75 845** | **823 498** | **8 744 878** |

| Summary of Receivables by Customer Classification | Residential, Industrial & Commercial | Other Debtors | National and Provincial Government | Total |
|---|---|---|---|---|
| **2016** | **R's** | **R's** | **R's** | **R's** |
| Total Receivables | 70 721 068 | 364 748 | 1 463 504 | 72 549 319 |
| Less: Provision for doubtful debts | -65 186 932 | -342 780 | - | -65 529 712 |
| **Total Recoverable debtors by customer classification** | **5 534 136** | **21 968** | **1 463 504** | **7 019 607** |

**Trade and other receivables impairment**

| 2017 | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|---|---|---|---|
| Total | **-67 611 213** | **-16 638 109** | **-84 249 322** |

| 2016 | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|---|---|---|---|
| Total | **-53 263 985** | **-12 265 727** | **-65 529 712** |

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

| Reconciliation of the Total doubtful debt provision | 2017 R | 2016 R |
|---|---|---|
| Balance at beginning of the year | 65 529 712 | 80 965 240 |
| Contributions to provision | 15 166 924 | 7 091 046 |
| VAT Impairment | 1 763 438 | 711 515 |
| Doubtful debts written off against provision | -18 721 | -25 434 267 |
| Fines | 1 807 969 | 2 196 178 |
| **Balance at end of year** | **84 249 322** | **65 529 712** |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **19** | **OPERATING LEASE ARRANGEMENTS** | | | |
| **19.1** | **The Municipality as Lessor** | | | |
| | **Balance on 1 July** | | 146 062 | 160 724 |
| | Balance previously reported | | - | 159 094 |
| | Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset to be recognised during 2014/15) | 34.04 | - | 1 629 |
| | **Restated Balance on 1 July** | | 146 062 | 160 724 |
| | Movement during the year | | (22 351) | (14 662) |
| | Balance previously reported | | - | (14 407) |
| | Correction of Operating lease Assets against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset to be recognised during 2015/16) | 34.04 | - | (255) |
| | **Balance on 30 June** | | 123 711 | 146 062 |

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 10% per year.
Siyancuma Municipality is leasing commonage land to Vodacom for periods of 59 months with escalations of 10% per year.
Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.
Siyancuma Municipality is leasing commonage land to Vodacom for periods of 60 months with escalations of avarage CPIX of 3.7% per year.
Siyancuma Municipality is leasing signage space to Prime Media for periods of 36 months with escalations of 7% per year.

| | 2017<br>R | 2016<br>R |
|---|---|---|
| At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows: | | |
| Up to 1 Year | 127 781 | 193 103 |
| 2 to 5 Years | 210 230 | 332 829 |
| More than 5 Years | 4 318 | 9 500 |
| **Total Operating Lease Arrangements** | **342 329** | **535 432** |

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until June 2020.

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **20** | **CASH AND CASH EQUIVALENTS** | | | |
| | **Assets** | | | |
| | Call Investments Deposits | | 258 565 | 1 546 486 |
| | Primary Bank Account | | 2 163 189 | 1 302 674 |
| | Balance previously reported | | - | 1 302 536 |
| | Correction of Cash and cash equivalents against Trade and Other Receivables from Exchange Transactions - Other Debtors (Reversal of Cancelled EFT 15008687 cancelled as stale) | 34.03 | - | 32 |
| | Correction of Cash and cash equivalents against Rental of Facilities and Equipment (Reversal of stale cheques 11000019 & 11000020 cancelled as stale) | 34.03 | - | 106 |
| | Cash Floats | | 800 | 800 |
| | **Total Cash and Cash Equivalents - Assets** | | **2 422 554** | **2 849 960** |
| | The municipality has the following bank accounts: | | | |
| | **Current Accounts** | | | |
| | Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account): | | 868 208 | 304 864 |
| | Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account) | | 56 655 | 239 227 |
| | Douglas - ABSA Account number: 4087368160 (Primary Bank Account): | | 1 238 326 | 758 583 |
| | | | **2 163 189** | **1 302 674** |
| | ***Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):*** | | | |
| | Cash book balance at beginning of year | | 304 864 | 1 631 690 |
| | Cash book balance at end of year | | 868 208 | 304 864 |
| | Bank statement balance at beginning of year | | 304 917 | 2 822 844 |
| | Bank statement balance at end of year | | 868 208 | 304 917 |
| | ***Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)*** | | | |
| | Cash book balance at beginning of year | | 239 227 | 147 956 |
| | Cash book balance at end of year | | 56 655 | 239 227 |
| | Bank statement balance at beginning of year | | 239 227 | 147 956 |
| | Bank statement balance at end of year | | 56 655 | 239 227 |
| | ***Douglas - ABSA Account number: 4087368160 (Primary Bank Account):*** | | | |
| | Cash book balance at beginning of year | | 758 583 | - |
| | Cash book balance at end of year | | 1 238 326 | 758 583 |
| | Bank statement balance at beginning of year | | 759 733 | - |
| | Bank statement balance at end of year | | 1 241 576 | 759 733 |
| | **Call Investment Deposits** | | | |
| | Call investment deposits consist out of the following accounts: | | | |
| | Bank / Account Number | | | |
| | Standard Bank 54792271 | | 91 489 | 84 823 |
| | Standard Bank 54994621 | | 7 243 | 6 716 |
| | Standard Bank 048857432 | | 42 925 | 1 387 735 |
| | Standard Bank 048857521 | | 54 023 | 6 277 |
| | Standard Bank 048860077 | | 62 885 | 60 935 |
| | | | 258 566 | 1 546 485 |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **21** | **PROPERTY RATES** | | | |
| | ***Actual*** | | | |
| | **Rateable Land and Buildings** | | 12 423 468 | 12 179 697 |
| | Residential, Commercial Property, State | | 12 423 468 | 12 179 697 |
| | **Less: Rebates** | | -2 194 446 | -2 104 775 |
| | **Total Assessment Rates** | | **10 229 022** | **10 074 922** |
| | ***Valuations - 1 July 2016*** | | | |
| | **Rateable Land and Buildings** | | 8 835 956 996 | 5 499 001 940 |
| | Residential | | 531 708 157 | 443 365 600 |
| | Business | | 222 360 886 | 103 858 100 |
| | Governments | | 70 403 430 | 42 325 000 |
| | Museum | | 126 360 | - |
| | Agriculture | | 7 880 642 842 | 4 826 300 040 |
| | Exempt Municipal and other | | 130 715 321 | 83 153 200 |
| | **Less: Income Forgone** | | | |
| | **Total Assessment Rates** | | **8 835 956 996** | **5 499 001 940** |

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2016.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **22** | **GOVERNMENT GRANTS AND SUBSIDIES** | | | |
| | **Unconditional Grants** | | **39 977 344** | **39 294 000** |
| | Equitable Share | 22.1 | 39 977 344 | 39 294 000 |
| | **Conditional Grants** | | **39 851 658** | **42 353 945** |
| | Library Project | | 924 798 | 795 369 |
| | Local Government Financial Management Grant | | 2 010 000 | 1 875 000 |
| | Municipal System Improvement Grant | | - | 930 000 |
| | Municipal Infrastructure Grant | | 29 623 811 | 26 424 585 |
| | Griekwastad 457 | | - | 930 992 |
| | Douglas Oxidation Ponds | | - | 3 999 820 |
| | EPWP | | 1 000 000 | 1 024 189 |
| | RBIG | | 993 049 | 749 990 |
| | Department of Minerals & Energy | | 5 300 000 | 4 624 000 |
| | Pixley District Municipality | | - | 1 000 000 |
| | **Total Government Grants and Subsidies** | | **79 829 002** | **81 647 945** |
| | Government Grants and Subsidies - Capital | | 35 916 860 | 36 729 387 |
| | Government Grants and Subsidies - Operating | | 43 912 142 | 44 918 558 |
| | | | **79 829 002** | **81 647 945** |
| | Grant spending per vote: | | | |
| | Executive & Council | | - | - |
| | Budget & Treasury | | 41 987 344 | 42 099 000 |
| | Community & Social Services | | 924 798 | 795 369 |
| | Road Transport | | 1 755 320 | 19 337 665 |
| | Electricity | | 21 377 281 | 5 624 000 |
| | Water | | 13 784 259 | 9 326 595 |
| | Waste Water Management | | - | 4 465 316 |
| | | | **79 829 002** | **81 647 945** |

Conditions were complied with during the year.

| 22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE) | 2017 R | 2016 R |
|---|---|---|
| **22.1 Equitable share** | | |
| Opening balance | - | - |
| Grants received | 39 604 000 | 39 294 000 |
| Transfer from EPWP due to roll over not approved on EPWP | 347 344 | - |
| Transfer from INEP due to roll over not approved on INEP | 26 000 | - |
| Conditions met - Operating | (39 977 344) | (39 294 000) |
| Conditions met - Capital | - | - |
| Conditions still to be met | - | - |

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

| | | |
|---|---|---|
| **22.2 Local Government Financial Management Grant (FMG)** | | |
| Opening balance | - | - |
| Grants received | 2 010 000 | 1 875 000 |
| Conditions met - Operating | (2 010 000) | (1 875 000) |
| Conditions met - Capital | - | - |
| Conditions still to be met | - | - |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

| | | |
|---|---|---|
| **22.3 Municipal Systems Improvement Grant** | | |
| Opening balance | - | - |
| Grants received | - | 930 000 |
| Conditions met - Operating | - | (930 000) |
| Conditions met - Capital | - | - |
| Conditions still to be met | - | - |

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

| | | |
|---|---|---|
| **22.4 Municipal Infrastructure Grant (MIG)** | | |
| Opening balance | (0) | 237 585 |
| Grants received | 30 851 000 | 26 187 000 |
| Transfer to Equitable Share due to roll over not approved on MIG | - | - |
| Conditions met - Operating | - | - |
| Conditions met - Capital | (29 623 811) | (26 424 585) |
| Grant expenditure to be recovered | 1 227 189 | (0) |

The grant was used to upgrade infrastructure in previously disadvantaged areas.

| | | |
|---|---|---|
| **22.5 Expanded Public Works Program** | | |
| Opening balance | 347 344 | 371 533 |
| Grants received | 1 000 000 | 1 000 000 |
| Transfer to Equitable Share due to roll over not approved on EPWP | (347 344) | - |
| Conditions met - Operating | (1 000 000) | (1 024 189) |
| Conditions met - Capital | - | - |
| Grant expenditure to be recovered | (0) | 347 344 |

The grant was used for infrastructure development in the Siyancuma area.

| | | |
|---|---|---|
| **22.6 Library Grants** | | |
| Opening balance | 463 631 | - |
| Grants received | 1 280 000 | 1 259 000 |
| Conditions met - Operating | (924 798) | (795 369) |
| Conditions met - Capital | - | - |
| Grant expenditure to be recovered | 818 833 | 463 631 |

Library grants was utilised for the development of libraries in the Siyancuma area.

| 22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE) | 2017 R | 2016 R |
|---|---|---|

**22.7 Integrated National Electrification Grant**

| | | |
|---|---|---|
| Opening balance | 26 000 | - |
| Grants received | 5 300 000 | 4 650 000 |
| Transfer to Equitable Share due to roll over not approved on INEP | (26 000) | |
| Conditions met - Operating | - | - |
| Conditions met - Capital | (5 300 000) | (4 624 000) |
| Conditions still to be met | - | 26 000 |

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

**22.8 Other Grants**

| | | |
|---|---|---|
| Opening balance | 301 099 | 301 099 |
| Grants received | 1 135 429 | 6 680 802 |
| Conditions met - Operating | - | (1 000 000) |
| Conditions met - Capital | (993 049) | (5 680 802) |
| Conditions still to be met | 443 479 | 301 099 |

Various grants were received from other spheres of government

**22.9 Total Grants**

| | | |
|---|---|---|
| Opening balance | 1 138 074 | 910 217 |
| Grants received | 81 180 429 | 81 875 802 |
| Transfers | - | - |
| Conditions met - Operating | (43 912 142) | (44 918 558) |
| Conditions met - Capital | (35 916 860) | (36 729 387) |
| Conditions still to be met/(Grant expenditure to be recovered) | **2 489 500** | **1 138 074** |

Disclosed as follows:

| | | |
|---|---|---|
| Unspent Conditional Government Grants and Receipts | 2 489 500 | 1 138 074 |
| Unpaid Conditional Government Grants and Receipts | - | - |
| | **2 489 500** | **1 138 074** |

**23 CONTRIBUTED PPE**

| | | |
|---|---|---|
| Bucket eradication project | 8 829 327 | - |
| Sebata | 39 520 | - |
| **Total changes in fair value** | **8 868 847** | **-** |

Contributed PPE represents all assets donated to the muncipality - refer to note 11for the inclusion of assets.

| | **2017 R** | **2016 R** |
|---|---|---|
| **24 SERVICE CHARGES** | | |
| Electricity | 24 025 777 | 23 439 999 |
| Service Charges | 29 092 264 | 28 998 916 |
| Less: Rebates | (5 066 487) | (5 558 917) |
| Water | 12 783 689 | 10 486 457 |
| Service Charges | 15 479 477 | 12 973 375 |
| Less: Rebates | (2 695 788) | (2 486 918) |
| Refuse removal | 5 608 471 | 4 981 742 |
| Service Charges | 6 791 169 | 6 163 188 |
| Less: Rebates | (1 182 698) | (1 181 446) |
| Sewerage and Sanitation Charges | 7 045 157 | 5 891 870 |
| Service Charges | 8 530 819 | 7 289 158 |
| Less: Rebates | (1 485 662) | (1 397 288) |
| Other Service Charges | - | - |
| **Total Service Charges** | **49 463 094** | **44 800 068** |

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **25** | **OTHER REVENUE** | | | |
| | Sundry income | | 672 042 | 359 591 |
| | Insurance income | | 12 919 | 118 165 |
| | Legal cost received | | 22 130 | 54 223 |
| | Cemetery fees | | 42 960 | 30 599 |
| | Other income represents administration income | | 166 511 | 50 733 |
| | Donations | | 220 500 | 72 700 |
| | Landfill site | | 523 059 | 3 075 837 |
| | **Total Other Income** | | **1 809 921** | **3 761 848** |

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **26** | **EMPLOYEE RELATED COSTS** | | | |
| | Employee Related Costs - Salaries and Wages | | 28 496 930 | 28 002 034 |
| | Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | | 7 806 100 | 7 180 540 |
| | Travelling Allowances | | 2 463 923 | 2 218 372 |
| | Acting Allowance | | 342 669 | 376 106 |
| | Cellphone Allowance | | 135 700 | 136 400 |
| | Standby Allowance | | 1 306 989 | 1 196 019 |
| | Housing Benefits and Allowances | | 510 788 | 552 781 |
| | Overtime | | 4 379 896 | 5 107 887 |
| | Bargaining Council | | 14 023 | 13 470 |
| | Bonuses | | 2 102 759 | 2 000 524 |
| | Provision for staff leave | | 605 572 | 531 260 |
| | Contribution to provision - Long Service Awards | 3 | 172 066 | 166 666 |
| | Contribution to provision - Post Retirement Medical | 3 | 766 609 | 587 277 |
| | **Total Employee Related Costs** | | **49 104 024** | **48 069 336** |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **26** | **EMPLOYEE RELATED COSTS** | | |
| | **KEY MANAGEMENT PERSONNEL** | | |
| | There are no post-employment or termination benefits payable to them at the end of the contract period. | | |
| | **REMUNERATION OF KEY MANAGEMENT PERSONNEL** | | |
| | ***Remuneration of the Municipal Manager (HF Nel)*** | | |
| | Annual Remuneration | 976 860 | 758 579 |
| | Subsistence Allowances | - | 19 002 |
| | Travelling Allowance | 301 625 | 203 526 |
| | Contributions to UIF, Medical and Pension Funds | 338 140 | 237 317 |
| | Public Allowance | - | 19 002 |
| | Transport Logsheets | 210 547 | 236 613 |
| | **Total** | **1 827 171** | **1 474 040** |
| | ***Remuneration of the Chief Financial Officer (CJB Müller) (01/07/2015 to 31/01/2016)*** | | |
| | Annual Remuneration | - | 673 805 |
| | Travelling Allowance | - | 35 000 |
| | Contributions to UIF, Medical and Pension Funds | - | 71 573 |
| | Cellphone Allowance | - | 5 600 |
| | Transport Logsheets | - | 17 507 |
| | **Total** | **-** | **803 485** |
| | ***Remuneration of the Director Corporate and Community Services (Acting) (CJD Groenewalt) (1 July 2016 - 31 July 2016)*** | | |
| | Annual Remuneration | 35 163 | 428 599 |
| | Housing | 742 | 8 400 |
| | Travelling Allowance | 14 093 | 167 438 |
| | Contributions to UIF, Medical and Pension Funds | 5 629 | 109 358 |
| | Cellphone Allowance | 800 | 9 600 |
| | Transport Logsheets | - | 13 677 |
| | Acting Allowance | 10 373 | 92 200 |
| | **Total** | **66 799** | **829 274** |
| | ***Remuneration of the Director Infrastructure Services (XS Geco)*** | | |
| | Annual Remuneration | 582 326 | 630 679 |
| | Housing | - | 37 077 |
| | Travelling Allowance | 230 989 | 85 000 |
| | Contributions to UIF, Medical and Pension Funds | 193 099 | 190 753 |
| | Cellphone Allowance | 9 600 | 9 600 |
| | Transport Logsheets | 121 740 | 127 904 |
| | **Total** | **1 137 755** | **1 081 013** |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **27** | **REMUNERATION OF COUNCILLORS** | | | |
| Executive Mayor: | Allowances | | 522 892 | 516 135 |
| | Cell phone Allowance | | 24 629 | 24 468 |
| | Backpay | | 1 988 | 21 585 |
| | Travelling | | 330 740 | 390 637 |
| Councillors: | Allowances | | 2 038 592 | 1 687 292 |
| | Cell phone Allowance | | 290 229 | 238 563 |
| | Backpay | | 120 777 | 77 638 |
| | Travelling | | 791 791 | 783 344 |
| **Total Councillors' Remuneration** | | | **4 121 639** | **3 739 661** |

| **Year ended 30 JUNE 2017** | **Allowances** | **Cell phone Allowance** | **Backpay** | **Travelling** |
|---|---|---|---|---|
| **Councillors** | **2 038 592** | **290 229** | **120 777** | **791 791** |
| JH George | 160 989 | 24 629 | 9 615 | 88 804 |
| MP Selebogo | 22 382 | 2 660 | 1 404 | 7 461 |
| SJ Mosetle | 191 449 | 24 629 | 11 029 | 81 151 |
| P McKlein | 165 931 | 24 629 | 9 878 | 55 899 |
| D Koopman | 17 441 | 2 660 | 1 140 | 5 814 |
| A Oliphant | 196 390 | 24 629 | 11 293 | 101 213 |
| L van Niekerk | 160 989 | 24 629 | 9 615 | 53 663 |
| R Booysen | 22 382 | 2 660 | 1 404 | 7 461 |
| W Adams | 160 989 | 24 629 | 9 615 | 53 663 |
| L van Wyk | 17 441 | 2 660 | 1 140 | 5 814 |
| DV Smous | 143 548 | 21 969 | 8 636 | 47 849 |
| KJ Apie | 143 548 | 21 969 | 8 636 | 47 849 |
| TM Tamboer | 143 548 | 21 969 | 8 636 | 47 849 |
| GF Morolong | 174 008 | 21 969 | 10 050 | 60 298 |
| EM Fish | 143 548 | 21 969 | 8 636 | 47 849 |
| DV Duiker | 174 008 | 21 969 | 10 050 | 79 154 |

| **Year ended 30 JUNE 2016** | **Allowances** | **Cell phone Allowance** | **Backpay** | **Travelling** |
|---|---|---|---|---|
| **Councillors** | **1 687 292** | **238 563** | **77 638** | **783 344** |
| JH George | 155 156 | 24 468 | 7 064 | 97 757 |
| MP Selebogo | 199 117 | 24 468 | 9 066 | 90 286 |
| SJ Mosetle | 155 156 | 24 468 | 7 064 | 80 539 |
| P McKlein | 199 117 | 24 468 | 9 066 | 92 047 |
| D Koopman | 155 156 | 24 468 | 7 064 | 54 710 |
| A Oliphant | 199 117 | 24 468 | 9 066 | 130 299 |
| L van Niekerk | 155 156 | 24 468 | 7 064 | 51 719 |
| M Eland | 88 300 | 14 273 | 6 055 | 29 433 |
| R Booysen | 199 117 | 24 468 | 9 066 | 95 921 |
| W Adams | 155 156 | 24 468 | 7 064 | 51 719 |
| L van Wyk | 26 742 | 4 078 | - | 8 914 |

***In-kind Benefits***

The Mayor is full-time. She is provided with an office, secretarial support and a driver at the cost of the Council.

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **28** | **DEBT IMPAIRMENT / (REVERSAL)** | | | |
| | Trade Receivables from exchange transactions | 16 | 14 359 426 | 5 793 763 |
| | Trade Receivables from non-exchange transactions | 17 | 4 378 904 | 4 204 976 |
| | Less: VAT Debt Impairment Provision | 10 | (1 763 438) | (711 515) |
| | **Total Contribution to Impairment Provision** | 25 | **16 974 893** | **9 287 224** |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **29** | **IMPAIRMENTS** | | |
| | Property, Plant and Equipment | 33 880 | 490 656 |
| | *During the annual asset verification it was determined that certain movable assets and structures are to be impairment as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).* | | |
| | **Total Impairment Loss/ (Reversal of Impairment Loss)** | 33 880 | 490 656 |

***Value in use***

*Value in use of the movable assets (Various movable assets including - Laptops; Network server items and Office furniture and Office Equipment) was determined as R0 as these items cannot be used in the future as they are broken and will not provide value in use in the current period or future periods.*

*Value in use of the Infrastructure assets (Medium voltage line) was determined as R 153 422.34 as this item was partly impaired, the section of line no longer in use amounts to 4.31% of the line identified for impairment, however as the rest of the line is still being used only the percentage not used will be impaired as it will not be used in the current period or future periods.*

*Value in use of the Infrastructure assets (Road Section RT-214) was determined as R 123 785.91 as this item was partly impaired, the section of road no longer in use amounts to 3.82% of the line identified for impairment, however as the rest of the road is still being used only the percentage not used will be impaired as it will not be used in the current period or future periods.*

*Value in use of the Infrastructure assets (MV Overhead line) was determined as R77 190.35 as this item was partly impaired, the section of line no longer in use amounts to 70% of the line identified for impairment, however as the rest of the road is still being used only the percentage not used will be impaired as it will not be used in the current period or future periods.*

***Fair value less cost to sell***

*Fair Value less costs to sell was used to determine the recoverable amount of the Land and Buildings item (Municipal Swimming Pool) - The latest valuation roll was used to determine the fair value less costs to sell.*

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **30** | **FINANCE CHARGES** | | |
| | Long-term Liabilities | 1 893 725 | 1 868 387 |
| | Payables & Creditors | 11 737 808 | 6 920 120 |
| | Actuarial Interest | 1 711 247 | 1 420 830 |
| | Landfill Sites | 1 352 840 | 541 993 |
| | **Total finance charges** | **16 695 620** | **10 751 330** |
| **31** | **BULK PURCHASES** | | |
| | Electricity | 37 837 861 | 35 020 035 |
| | Water | 472 269 | 368 015 |
| | Purchases | 575 871 | 430 651 |
| | Less Stock Adjustments | (103 602) | (62 636) |
| | Stock adjustments | 103 602 | 62 636 |
| | **Total Bulk Purchases** | **38 413 732** | **35 450 686** |
| **32** | **OPERATING GRANT EXPENDITURE** | | |
| | Operating grant expenditure per vote | | |
| | Budget & Treasury | - | - |
| | Community & Social Services | 34 744 | 22 198 |
| | Road Transport | 1 001 372 | 1 025 576 |
| | **Total Operating grant expenditure** | **1 036 116** | **1 047 774** |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **33** | **GENERAL EXPENSES** | | | |
| | Advertisements | | 117 588 | 256 271 |
| | Audit fees | | 2 303 907 | 1 108 093 |
| | Balance previously reported | | - | 1 746 140 |
| | Correction of Payables from Exchange Transactions - Trade Payables against General Expenses - Audit Fees (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.09 | - | -638 048 |
| | Bank charges | | 331 748 | 315 056 |
| | Chemicals | | 410 146 | 268 373 |
| | Commission paid | | 196 944 | 327 300 |
| | Delegation fees | | 373 571 | 340 838 |
| | Balance previously reported | | - | 347 838 |
| | Correction of General Expenses - Delegation Fees against Payables from Exchange Transactions - Trade Payables (Correction of creditor Moonriver Guesthouse invoice) | 34.09 | - | -7 000 |
| | Entertainment: public | | 94 382 | 72 635 |
| | Environmental health | | 335 331 | 183 805 |
| | Insurance cost | | 412 289 | 368 584 |
| | Legal expenses | | 274 119 | 408 160 |
| | Membership fees: municipal | | 530 382 | 506 121 |
| | Other expenditure | | 1 706 291 | 1 077 017 |
| | Printing & stationary | | 1 381 159 | 1 420 267 |
| | Balance previously reported | | - | 1 421 522 |
| | Correction of General Expenses - Printing and Stationery against Payables from Exchange Transactions - Trade Payables (Credit note regarding Nashua invoice) | 34.09 | - | -1 255 |
| | Profesional and consultant | | 10 967 010 | 7 374 211 |
| | Telephone expenses | | 674 013 | 770 964 |
| | Training | | 75 438 | 47 269 |
| | Valuation fees | | 49 246 | 1 031 263 |
| | Security | | 3 055 033 | 3 183 601 |
| | Skills development Levy | | 444 767 | 431 120 |
| | Subsistence and travel | | 622 620 | 759 260 |
| | Vehicles: fuel | | 1 177 613 | 985 066 |
| | Balance previously reported | | - | 986 354 |
| | Correction of General Expenses - Vehicles Fuel against Payables from Exchange Transactions - Trade Payables (Correction of creditor GWK invoice) | 34.09 | - | -1 288 |
| | Workmens Compensation | | - | 753 983 |
| | General Expenses | | **25 533 597** | **21 989 257** |

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

| | | | 2016<br>R |
|---|---|---|---|
| **34** | **CORRECTION OF ERROR IN TERMS OF GRAP 3** | | |
| **34.01** | **Trade Receivables from exchange transactions** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **5 805 908** |
| | Correction of Cash and cash equivalents against Trade and Other Receivables from Exchange Transactions - Other Debtors (Reversal of Cancelled EFT 15008687 cancelled as stale) | 34.03 | -32 |
| | Correction of Trade and Other Receivables - Other Debtors against Payables from Exchange Transactions - Sundry Payables (Correction of classification of vote 9501/9574/9561) | 34.07 | 6 506 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.08 | 8 238 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.02 | 1 153 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.09 | 15 055 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.02 | 2 108 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.09 | 24 732 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.02 | 3 462 |
| | **Total** | | **5 867 131** |
| **34.02** | **VAT payable from exchange transactions** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **(16 740 403)** |
| | Correction of VAT Payable from exchange Transactions - VAT receivable against Payables from Exchange Transactions (Credit note regarding Nashua invoice) | 34.07 | 176 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2014/15) | 34.01 | 1 153 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.01 | 2 108 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT Payable from exchange transactions - VAT Payable (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.01 | 3 462 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.07 | 139 905 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.07 | 89 327 |
| | **Total** | | **(16 504 272)** |
| **34.03** | **Cash and Cash Equivalents** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **2 849 822** |
| | Correction of Cash and cash equivalents against Trade and Other Receivables from Exchange Transactions - Other Debtors (Reversal of Cancelled EFT 15008687 cancelled as stale) | 34.01 | 32 |
| | Correction of Cash and cash equivalents against Rental of Facilities and Equipment (Reversal of stale cheques 11000019 & 11000020 cancelled as stale) | 34.09 | 106 |
| | **Total** | | **2 849 960** |

**CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)**

| | | | 2016<br>R |
|---|---|---|---|
| **34.04** | **Operating Lease Asset** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **144 687** |
| | Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset to be recognised during 2014/15) | 34.08 | 1 629 |
| | Correction of Operating lease Assets against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset to be recognised during 2015/16) | 34.09 | (255) |
| | **Total** | | **146 062** |
| **34.05** | **Property, Plant and Equipment** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **315 250 413** |
| | Correction of PPE - Infrastructure - Road Infrastructure and Work in Progress (Correction of classification of assets between Infrastructure) | 34.05 | 100 |
| | Correction of PPE - Infrastructure - Road Infrastructure and Work in Progress (Correction of classification of assets between Infrastructure) | 34.05 | -100 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings incorrectly removed from register in 2014/15) | 34.08 | 22 007 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings from register in 2014/15 - Cost) | 34.08 | -1 384 341 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings from register in 2014/15 - Accumulated Depreciation) | 34.08 | 43 868 |
| | Correction of PPE - Land and Buildings against Depreciation (Correction of Land and Buildings to be removed from register in 2014/15 - Depreciation charge for 2015/16) | 34.09 | 269 |
| | Correction of PPE - Community Assets against Accumulated Surplus (Correction of Community Assets - Commonage from register in 2014/15 - Cost) | 34.08 | 904 000 |
| | Correction of PPE - Infrastructures against Depreciation (Correction of Infrastructure Verification of register - Depreciation charge for 2015/16) | 34.09 | 1 175 901 |
| | Correction of PPE - Infrastructure against Accumulated Surplus (Correction of Infrastructure verification of register - Accumulated Depreciation) | 34.08 | 33 761 216 |
| | **Total** | | **349 773 332** |

| | CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE) | | 2016<br>R |
|---|---|---|---|
| **34.06** | **Intangible Assets** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **478 830** |
| | Correction of Intangible Assets against Payables from Exchange Transactions - Trade Payables (Intangibles not recognised in 2014/15) | 34.07 | - |
| | Correction of Intangible Assets against Statement of Financial Performance - Depreciation and Amortisation (Correction of Intangible assets amortisation for 2014/15) | 34.09 | - |
| | **Total** | | **478 830** |
| **34.07** | **Payables from exchange transactions** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **77 670 503** |
| | Correction of General Expenses - Printing and Stationery against Payables from Exchange Transactions - Trade Payables (Credit note regarding Nashua invoice) | 34.09 | -1 255 |
| | Correction of VAT Payable from exchange Transactions - VAT receivable against Payables from Exchange Transactions (Credit note regarding Nashua invoice) | 34.02 | -176 |
| | Correction of Accumulated Surplus against Payables from Exchange Transactions - Sundry Payables (Correction of Long Service Bonus paid out incorrectly in 2014/15) | 34.08 | -10 506 |
| | Correction of Trade and Other Receivables - Other Debtors against Payables from Exchange Transactions - Sundry Payables (Correction of classification of vote 9501/9574/9561) | 34.01 | 6 506 |
| | Correction of General Expenses - Vehicles Fuel against Payables from Exchange Transactions - Trade Payables (Correction of creditor GWK invoice) | 34.09 | -1 288 |
| | Correction of General Expenses - Delegation Fees against Payables from Exchange Transactions - Trade Payables (Correction of creditor Moonriver Guesthouse invoice) | 34.09 | -7 000 |
| | Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.08 | -999 321 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.02 | -139 905 |
| | Correction of Payables from Exchange Transactions - Trade Payables against General Expenses - Audit Fees (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.09 | -638 048 |
| | Correction of Payables from Exchange Transactions - Trade Payables against VAT Receivable from Exchange Transactions (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.02 | -89 327 |
| | **Total** | | **75 790 185** |

| | CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE) | | 2016<br>R |
|---|---|---|---|
| **34.08** | **Accumulated Surplus/(Deficit)** | | |
| | Disclosure as required by GRAP 1. | | |
| | **Balance previously reported** | | **228 343 709** |
| | Correction of Accumulated Surplus against Payables from Exchange Transactions - Sundry Payables (Correction of Long Service Bonus paid out incorrectly in 2014/15) | 34.07 | 10 506 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset revenue to be billed | 34.01 | 8 238 |
| | Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Prime Media Operating lease asset to be recognised during 2014/15) | 34.04 | 1 629 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2008 and 2014) | 34.01 | 24 732 |
| | Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditor Auditor General - adjustments to Audit fees regarding 2015 financial year) | 34.07 | 999 321 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings incorrectly removed from register in 2014/15) | 34.05 | 22 007 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings from register in 2014/15 - Cost) | 34.05 | -1 384 341 |
| | Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land and Buildings from register in 2014/15 - Accumulated Depreciation) | 34.05 | 43 868 |
| | Correction of PPE - Community Assets against Accumulated Surplus (Correction of Community Assets - Commonage from register in 2014/15 - Cost) | 34.05 | 904 000 |
| | Correction of PPE - Infrastructure against Accumulated Surplus (Correction of Infrastructure verification of register - Accumulated Depreciation) | 34.05 | 33 761 216 |
| | **Total** | | **262 734 885** |

| | CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE) | | 2016<br>R |
|---|---|---|---|
| **34.09** | **Changes to Statement of Financial Performance** | | |
| | **Balance previously reported** | | **-8 643 548** |
| | Correction of General Expenses - Printing and Stationery against Payables from Exchange Transactions - Trade Payables (Credit note regarding Nashua invoice) | 34.07 | 1 255 |
| | Correction of Cash and cash equivalents against Rental of Facilities and Equipment (Reversal of stale cheques 11000019 & 11000020 cancelled as stale) | 34.03 | 106 |
| | Correction of General Expenses - Vehicles Fuel against Payables from Exchange Transactions - Trade Payables (Correction of creditor GWK invoice) | 34.07 | 1 288 |
| | Correction of General Expenses - Delegation Fees against Payables from Exchange Transactions - Trade Payables (Correction of creditor Moonriver Guesthouse invoice) | 34.07 | 7 000 |
| | Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset revenue to be billed during 2015/16) | 34.01 | 15 055 |
| | Correction of Operating lease Assets against Rental of Facilities and Equipment (Correction of Prime Media Operating lease asset to be recognised during 2015/16) | 34.04 | -255 |
| | Correction of Payables from Exchange Transactions - Trade Payables against General Expenses - Audit Fees (Correction of creditor Auditor General - adjustments to Audit fees regarding 2016 financial year) | 34.07 | 638 048 |
| | Correction of PPE - Land and Buildings against Depreciation (Correction of Land and Buildings to be removed from register in 2014/15 - Depreciation charge for 2015/16) | 34.05 | 269 |
| | Correction of PPE - Infrastructures against Depreciation (Correction of Infrastructure Verification of register - Depreciation charge for 2015/16) | 34.05 | 1 175 901 |
| | Correction of Licence & Permits to Agency Services (Correction of classification of vote 0570/1523/0000) | 34.09 | -909 483 |
| | Correction of Licence & Permits to Agency Services (Correction of classification of vote 0570/1523/0000) | 34.09 | 909 483 |
| | **Total** | | **-6 804 881** |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **35** | **RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS** | | | |
| | Surplus/(Deficit) for the year | | (11 456 474) | (6 804 881) |
| | **Adjustments for:** | | | |
| | Depreciation | | 11 347 218 | 15 206 314 |
| | Amortisation of Intangible Assets | | 129 715 | 121 849 |
| | Contributed PPE | | (8 868 847) | - |
| | Impairments | | 33 880 | 490 656 |
| | (Gain)/ loss on disposal of Property Plant and Equipment | | 962 752 | 1 760 358 |
| | (Gain)/ loss on disposal of Biological Assets | | (768 388) | 298 860 |
| | (Gain)/ loss from landfill cost reversal | | (523 059) | (3 075 837) |
| | Contribution from/to employee benefits - benefits paid | | (716 844) | (660 525) |
| | Contribution from/to employee benefits - non-current - expenditure incurred | | 2 649 923 | 2 174 773 |
| | Contribution from/to employee benefits - non-current - actuarial gains | | (768 388) | 1 066 241 |
| | Contribution to employee benefits – current | | 2 708 331 | 2 414 429 |
| | Contribution to employee benefits – current - expenditure incurred | | (2 356 678) | (1 918 392) |
| | Contribution to provisions – current | | 1 352 840 | 541 993 |
| | Contribution to provisions – current - expenditure incurred | | - | - |
| | Contribution to provisions – Debt Impairment | | 18 738 331 | 9 998 739 |
| | Debt impairment written off | | (18 721) | (25 434 267) |
| | Fair Value Adjustments | | (65 638) | (1 200) |
| | Unamortised discount - Interest - Expenditure | | - | - |
| | Operating lease income accrued | | 22 351 | 14 662 |
| | Operating Surplus/(Deficit) before changes in working capital | | 12 402 306 | (3 806 227) |
| | Changes in working capital | | 17 358 153 | 37 832 778 |
| | Increase/(Decrease) in Payables From Exchange Transactions | | 38 706 895 | 30 353 728 |
| | Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | | 1 351 426 | 227 857 |
| | Increase/(Decrease) in Taxes | | (2 328 473) | (7 226 691) |
| | (Increase)/Decrease in Inventory | | 73 186 | 117 773 |
| | (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts | | - | - |
| | (Increase)/Decrease in Trade Receivables from exchange transactions | | (15 411 324) | 18 593 987 |
| | (Increase)/Decrease in Other Receivables from non-exchange transactions | | (5 033 557) | (4 233 877) |
| | **Cash generated/(absorbed) by operations** | | **29 760 459** | **34 026 550** |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **36** | **CASH AND CASH EQUIVALENTS** | | | |
| | Cash and cash equivalents included in the cash flow statement comprise the following: | | | |
| | Call Investments Deposits | 20 | 258 565 | 1 546 486 |
| | Cash Floats | 20 | 800 | 800 |
| | Bank | 20 | 2 163 189 | 1 302 674 |
| | **Total cash and cash equivalents** | | **2 422 554** | **2 849 960** |
| **37** | **RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES** | | | |
| | Cash and Cash Equivalents | 36 | 2 422 554 | 2 849 960 |
| | | | 2 422 554 | 2 849 960 |
| | Less: | | 2 489 500 | 1 138 074 |
| | Unspent Committed Conditional Grants | 9 | 2 489 500 | 1 138 074 |
| | **Resources available for working capital requirements** | | (66 946) | 1 711 886 |

## 38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

| | | | |
|---|---|---|---|
| Long-term Liabilities | 2 | 5 407 549 | 5 923 816 |
| Used to finance property, plant and equipment - at cost | | -5 407 549 | -5 923 816 |
| | | - | - |
| Cash set aside for the repayment of long-term liabilities | | - | - |
| **Cash invested for repayment of long-term liabilities** | | **-** | **-** |

Annuity loans at amortised cost is calculated at 10%-10.50% interest rate, with maturity date of 1 September 2017.

## 39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

| | 2017 R | 2016 R |
|---|---|---|
| Opening balance | 165 769 601 | 148 877 660 |
| Unauthorised expenditure current year - capital | 52 151 566 | 3 332 858 |
| Unauthorised expenditure current year - operating | 24 727 792 | 13 559 084 |
| Approved by Council or condoned | - | - |
| Transfer to receivables for recovery | - | - |
| Unauthorised expenditure awaiting authorisation | **242 648 959** | **165 769 601** |

### 39.1 Unauthorised expenditure

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| *Over expenditure on votes* | *None* |

| Unauthorised expenditure current year - operating | 2017 R (Actual) | 2017 R (Budget) | 2017 R (Variance) | 2017 R (Unauthorised) |
|---|---|---|---|---|
| Executive & Council | 5 319 263 | 7 114 246 | (1 794 983) | - |
| Budget & Treasury | 43 985 935 | 34 711 419 | 9 274 516 | 9 274 516 |
| Corporate Services | 34 379 206 | 20 513 530 | 13 865 676 | 13 865 676 |
| Health | 385 703 | 400 243 | (14 540) | - |
| Community & Social Services | 2 913 243 | 2 845 989 | 67 255 | 67 255 |
| Public Safety | 3 688 465 | 688 094 | 3 000 371 | 3 000 371 |
| Sport & Recreation | 752 566 | 1 229 414 | (476 848) | - |
| Waste Management | 4 623 308 | 2 538 528 | 2 084 780 | 2 084 780 |
| Waste Water Management | 8 680 068 | 8 814 826 | (134 758) | - |
| Road Transport | 11 533 887 | 14 151 244 | (2 617 357) | - |
| Water | 7 183 874 | 9 984 742 | (2 800 868) | - |
| Electricity | 43 914 543 | 44 835 625 | (921 083) | - |
| | **167 360 061** | **147 827 900** | **19 532 161** | **28 292 597** |

| Unauthorised expenditure current year - operating (per vote) | | | | |
|---|---|---|---|---|
| Municipal Manager | 2 139 494 | 1 895 404 | 244 090 | 244 090 |
| Council | 5 319 263 | 5 218 842 | 100 421 | 100 421 |
| Corporate and Human Resources | 32 239 711 | 16 546 957 | 15 692 754 | 15 692 754 |
| Finance | 40 352 073 | 34 711 419 | 5 640 653 | 5 640 653 |
| Properties | 3 885 294 | 3 543 893 | 341 401 | 341 401 |
| Libraries | 2 289 378 | 2 185 297 | 104 081 | 104 081 |
| Cemetary | 659 437 | 660 692 | (1 255) | - |
| Parks and Recreation | 1 016 157 | 1 229 423 | (213 266) | - |
| Disaster Management | 899 041 | 1 088 337 | (189 296) | - |
| Waste Management | 4 522 650 | 2 548 318 | 1 974 332 | 1 974 332 |
| Public Works | 11 570 921 | 11 434 464 | 136 457 | 136 457 |
| Electricity | 42 488 500 | 45 204 621 | (2 716 121) | - |
| Water | 7 994 124 | 10 021 906 | (2 027 782) | - |
| Waste Water Management | 8 773 635 | 8 821 555 | (47 920) | - |
| Traffic | 3 210 382 | 2 716 780 | 493 602 | 493 602 |
| | **167 360 061** | **147 827 909** | **19 532 152** | **24 727 792** |

| Unauthorised expenditure current year - capital | 2017 R (Actual) | 2017 R (Budget) | 2017 R (Variance) | 2017 R (Unauthorised) |
|---|---|---|---|---|
| Budget & Treasury | 11 113 | 180 000 | (168 887) | - |
| Corporate Services | 1 056 076 | - | 1 056 076 | 1 056 076 |
| Community & Social Services | 1 193 | 600 000 | (598 807) | - |
| Waste Water Management | 3 983 854 | - | 3 983 854 | 3 983 854 |
| Road Transport | - | 15 851 000 | (15 851 000) | - |
| Water | 47 081 303 | - | 47 081 303 | 47 081 303 |
| Electricity | 20 329 139 | 20 300 000 | 29 139 | 29 139 |
| | **72 462 679** | **36 931 000** | **35 531 679** | **52 150 373** |

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)**

| | 2017<br>R | 2016<br>R |
|---|---|---|

**Unauthorised expenditure current year - capital (per vote)**

| | R<br>(Actual) | R<br>(Budget) | R<br>(Variance) | R<br>(Unauthorised) |
|---|---|---|---|---|
| Corporate and Human Resources | 1 057 269 | - | 1 057 269 | 1 057 269 |
| Finance | 11 113 | 180 000 | (168 887) | - |
| Libraries | - | 600 000 | (600 000) | - |
| Public Works | - | 15 851 000 | (15 851 000) | - |
| Electricity | 20 329 139 | 20 300 000 | 29 139 | 29 139 |
| Water | 47 081 303 | - | 47 081 303 | 47 081 303 |
| Waste Water Management | 3 983 854 | - | 3 983 854 | 3 983 854 |
| | **72 462 679** | **36 931 000** | **35 531 679** | **52 151 566** |

**39.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

| | | |
|---|---|---|
| Opening balance | 12 300 102 | 5 208 758 |
| Fruitless and wasteful expenditure current year | 11 737 808 | 7 091 344 |
| Condoned or written off by Council | - | - |
| Transfer to receivables for recovery - not condoned | - | - |
| Fruitless and wasteful expenditure awaiting condonement | **24 037 910** | **12 300 102** |

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|---|---|
| *2009 & 2010 - Lease of clock machine - R106 944* | *None* | - | - |
| *2011 - Transport costs paid in excess of policy - R69 126* | *None* | - | - |
| *2011 - Interest on late payments - R1 818* | *None* | - | - |
| *2011 - Traffic fines - R1 600* | *None* | - | - |
| *2012 - Interest on different vendors - R65 155* | *None* | - | - |
| *2012 - Interest and unsupported payments - ESKOM - R22 776* | *None* | - | - |
| *2012 - Penaltiesfor late submission of assessments - Office of the Compensation Commisioner - R33 025* | *None* | - | - |
| *2013 - Penalties for late submission of EMP201 assessments R121 885* | *None* | - | - |
| *2013 - Interest for the late submission of EMP201 assessments R6 775* | *None* | - | - |
| *2013 - Interest for the late payment on Auditor General's account R165 600* | *None* | - | - |
| *2014 - Penalties for late submission of EMP201 assessments R41 791* | *None* | - | - |
| *2014 - Interest for the late submission of EMP201 assessments R299* | *None* | - | - |

| 39 | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| | **Fruitless and wasteful expenditure (continued)** | | | |
| | *2014 - Interest for the late payment on Auditor General's account R182 213* | *None* | - | - |
| | *2014 - Interest for the late payment on Eskom's account R323 642* | *None* | - | - |
| | *2015 - Interest for the late payment on Auditor General's account R176 520* | *None* | - | - |
| | *2015 - Interest for the late payment on Eskom's account R3 564 391* | *None* | - | - |
| | *2015 - Interest for the late payment on various different vendors' accounts R12 374* | *None* | - | - |
| | *2015 - Interest and Penalty's paid to SARS on VAT201 returns amounting to R76 958.22* | *None* | - | - |
| | *2015 - Interest and Penalty's paid to SARS on EMP201 returns amounting to R235 866.14* | *None* | - | - |
| | *2016 - Interest and Penalty's paid to SARS on EMP201 returns amounting to R65770.29* | *None* | - | 65 770 |
| | *2016 - Interest for the late payment on Eskom's account R6 627 707.90* | *None* | - | 6 627 708 |
| | *2016 - Interest for the late payment on Auditor General's account R378 121.13* | *None* | - | 378 121 |
| | *2016 - Interest for the late payment on various different vendors' accounts R19 729.81* | *None* | - | 19 730 |
| | *2016 - Interest and Penalty's paid to SARS on VAT201 returns amounting to R14.76* | *None* | - | 15 |
| | *2017 - Interest and Penalty's paid to SARS on VAT201 returns amounting to R107.48* | *None* | 107 | - |
| | *2017 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R1362.70* | *None* | 1 916 | - |
| | *2017 - Interest for the late payment on Auditor General's account R195 371.76* | *None* | 195 372 | - |
| | *2017 - Interest for the late payment on Eskom's account R11 267 549.61* | *None* | 11 267 550 | - |
| | *2017 - Interest for the late payment on Entsha Henra CC account R397 176.04* | *None* | 248 588 | - |
| | *2017 - Interest for the late payment on various different vendors' accounts R24 275.32* | *None* | 24 275 | - |

**39.3 Irregular expenditure**

Reconciliation of irregular expenditure:

| | | |
|---|---|---|
| Opening balance | 64 204 447 | 25 399 837 |
| Irregular expenditure current year | - | 38 804 611 |
| Condoned or written off by Council | - | - |
| Transfer to receivables for recovery - not condoned | - | - |
| Irregular expenditure awaiting condonement | **64 204 447** | **64 204 447** |

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|---|---|
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Deviations not approved by the CFO or reported to council* | *None* | - | 24 908 |
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained or a competitive bidding process not was followed* | *None* | - | 9 235 384 |
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Contract not awarded to bidder with highest points* | *None* | - | 1 071 000 |
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Invitation to tender was not advertised on the CIDB website* | *None* | - | 3 508 614 |
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Total payments made exceeded original contract amount* | *None* | - | 17 466 489 |
| *2016 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy. - Various* | *None* | - | 7 498 216 |

The list of Irregular expenditure will be investigated and proceedings will be reported on.

**39.4 Material Losses**

| | | |
|---|---|---|
| **Electricity distribution losses** | | |
| Units purchased (Kwh) | 30 924 529 | 30 048 741 |
| - Units lost during distribution (Kwh) | 8 671 585 | 6 119 066 |
| - Percentage lost during distribution | 28.04% | 20.36% |
| **Water distribution losses** | | |
| - Mega litres purified | 1 685 340 | 1 816 020 |
| - Mega litres lost during distribution | 303 201 | 264 130 |
| - Percentage lost during distribution | 17.99% | 14.54% |

| | | 2017 | 2016 |
|---|---|---|---|
| **40** | **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT** | **R** | **R** |

**40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

| | | |
|---|---|---|
| Opening balance | 508 368 | 486 543 |
| Council subscriptions | 500 000 | 508 368 |
| Amount paid - current year | (500 000) | - |
| Amount paid - previous years | - | (486 543) |
| **Balance unpaid** | **508 368** | **508 368** |

**40.2 Audit fees - [MFMA 125 (1)(b)]**

| | | |
|---|---|---|
| Opening balance | 3 279 680 | 1 638 333 |
| Current year audit fee | 2 821 826 | 1 641 347 |
| Amount paid - current year | - | - |
| Amount paid - previous year | (1 384 558) | - |
| **Balance unpaid (included in creditors)** | **4 716 948** | **3 279 680** |

**40.3 VAT - [MFMA 125 (1)(b)]**

| | | |
|---|---|---|
| VAT | **18 832 745** | **16 504 272** |

VAT is payable/receivable on the cash basis.

| | 2017 | 2016 |
|---|---|---|
| **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)** | **R** | **R** |

**40.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

| | | |
|---|---|---|
| Opening balance | 1 248 863 | 617 760 |
| Current year payroll deductions and Council Contributions | 7 366 408 | 7 461 257 |
| Amount paid - current year | -8 000 847 | -6 830 153 |
| **Balance unpaid (included in creditors)** | **614 425** | **1 248 863** |

**40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

| | | |
|---|---|---|
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 11 335 582 | 9 616 368 |
| Amount paid - current year | -10 348 523 | -9 616 368 |
| Amount paid - previous year | - | - |
| **Balance unpaid (included in creditors)** | **987 060** | **-** |

**40.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2017:

| | 2017 R Outstanding more than 90 days | 2016 R Outstanding more than 90 days |
|---|---|---|
| A. Olifant | 27 682 | 24 897 |
| KJ. Apie | 385 | - |
| L. van Niekerk | 18 012 | 28 685 |
| **Total Councillor Arrear Consumer Accounts** | **46 080** | **53 583** |

**40.7 Non-Compliance with MFMA**

* *Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.*

| | | 2017 | 2016 |
|---|---|---|---|
| 40 | **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)** | **R** | **R** |

**40.8 Deviations - Supply Chain Management**

Deviations from the Supply Chain Management Regulations were identified on the following categories:

| | | |
|---|---|---|
| Deviations per financial category | | |
| - Between R 0 and R 2 000 | - | - |
| - Between R 2 000 and R 10 000 | 371 466 | 398 732 |
| - Between R 10 000 and R 30 000 | 751 697 | 1 001 062 |
| - Between R 30 000 and R 500 000 | 6 325 080 | 6 514 523 |
| | 7 448 244 | 7 914 317 |

**Deviations between R30 000 and R500 000**

| | | |
|---|---|---|
| Olefile Security - Month to Month contract - Deviation from SCM | 1 847 654 | 1 746 983 |
| Amaruri Security - Month to Month contract - Deviation from SCM | 1 052 480 | 1 249 629 |
| University of Fort Hare - Training of Councillors - Deviation from SCM | 70 000 | - |
| Marvin Marketing - Sole supplier - Deviation from SCM | 455 715 | 282 834 |
| Momar Sales - Sole supplier - Deviation from SCM | 220 850 | 131 083 |
| Earth Moving Equipment - Repair of Grader - Deviation from SCM | 128 334 | - |
| Media 24 Limited - Must advertise in different newspapers - Deviation from SCM | 36 480 | 99 786 |
| Umsobomvu Local Municipality - Emergency Sanitation - Deviation from SCM | 41 330 | - |
| Voltex Kimberley - Insufficient Quotations - Deviation from SCM | 48 156 | - |
| Actom Electrical Products - Insufficient Quotations - Deviation from SCM | 41 610 | - |
| Wits Business School - Sole provider - Deviation from SCM | - | 28 500 |
| Nashua - Sole Provider - Deviation from SCM | 88 920 | - |
| Broadwater Trust -Suitable venues not available - Deviations from SCM | 30 790 | - |
| Gariep Motors - Emergency - Sole Provider - Deviation from SCM | 52 559 | - |
| Mosima IT Consultants - 3 Month Contract - Deviation from SCM | 392 158 | - |
| Gearfluid - Emergency repairs - Deviation from SCM | 66 209 | - |
| Coastal Hire - Insufficient quotations - Deviation from SCM | 75 900 | - |
| Fedility Cash Solution - Deviation from SCM | 819 793 | 597 283 |
| Moon River Guest House - Sole provider - Deviation from SCM | 53 300 | - |
| Gearbox & Diff - Emergency water truck break down - Deviation from SCM | - | 40 470 |
| Abuti Management - 3 Month Contract - Deviation from SCM | - | 1 209 771 |
| L&E Dreinerings Dienste - Emergency unblock sewerage - Deviation from SCM | - | 96 165 |
| BEKA - Sole supplier High Mast Lights - Deviation from SCM | - | 53 022 |
| Sebata - FMS supplier - Deviation from SCM | 750 108 | 709 133 |
| Truvela Manufacturers - Speedmeasuring instrument - sole supplier - Deviation from SCM | - | 158 170 |
| Spark & Ellis - Sole supplier - Deviation from SCM | - | 33 938 |
| Sunday Times - Must advertise in different newspapers - Deviation from SCM | - | 41 929 |
| Astra Travel - Insufficient Quotes - Deviation from SCM | 52 733 | 35 827 |

**41 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

| | | |
|---|---|---|
| Approved and contracted for: | 78 630 340 | 78 630 340 |
| Infrastructure | 78 630 340 | 78 630 340 |
| **Total** | **78 630 340** | **78 630 340** |
| This expenditure will be financed from: | | |
| Government Grants | 78 630 340 | 78 630 340 |
| | **78 630 340** | **78 630 340** |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|

## 42 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

### (b) Price risk

The municipality is not exposed to price risk.

### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

| | 2017<br>R | 2016<br>R |
|---|---|---|
| The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow: | | |
| 0.5% (2016 - 0.5%) Increase in interest rates | (14 929) | (15 373) |
| 0.5% (2016 - 0.5%) Decrease in interest rates | 14 929 | 15 373 |

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 for balances included in receivables that were re-negotiated for the period under review.

| 42 FINANCIAL RISK MANAGEMENT (CONTINUE) | 2017 R | 2016 R |
|---|---|---|

Balances past due not impaired:

| | 2017 % | 2017 R | 2016 % | 2016 R |
|---|---|---|---|---|
| Non-Exchange Receivables | | | | |
| Rates | 100.00% | (1 453 396) | 100.00% | 120 369 |
| Exchange Receivables | | | | |
| Electricity | -7% | 91 203 | -358% | 327 736 |
| Water | 59% | (778 688) | 267% | (244 011) |
| Refuse | 23% | (300 815) | 19% | (17 299) |
| Sewerage | 26% | (340 421) | 92% | (84 093) |
| Other | 0% | 517 | 81% | (73 829) |
| | 100.00% | (1 328 203) | 100.00% | (91 497) |

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

| | 2017 % | 2017 R | 2016 % | 2016 R |
|---|---|---|---|---|
| Electricity | 4.39% | 3 698 899 | 4.73% | 3 097 704 |
| Water | 36.51% | 30 757 040 | 35.85% | 23 490 901 |
| Refuse | 17.43% | 14 684 302 | 17.81% | 11 672 933 |
| Sewerage | 19.98% | 16 830 109 | 20.68% | 13 549 735 |
| Other Consumer Arrears | 1.95% | 1 640 863 | 2.22% | 1 452 711 |
| Rates | 12.24% | 10 308 345 | 11.82% | 7 743 932 |
| Fines | 7.51% | 6 329 764 | 6.90% | 4 521 795 |
| | 100.00% | 84 249 322 | 100.00% | 65 529 712 |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

| | | |
|---|---|---|
| Trade receivables and other receivables | 8 744 878 | 7 019 607 |
| Cash and Cash Equivalents | 2 422 554 | 2 849 960 |
| | 11 167 432 | 9 869 567 |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|

**42 FINANCIAL RISK MANAGEMENT (CONTINUE)**

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years |
|---|---|---|---|---|
| **2017** | | | | |
| Long Term liabilities | 3 058 730 | 5 578 907 | - | - |
| Capital repayments | 1 365 983 | 4 041 567 | - | - |
| Interest | 1 692 748 | 1 537 340 | - | - |
| Payables From Exchange Transactions | 114 497 080 | - | - | - |
| Provisions | 9 996 880 | - | 14 818 920 | - |
| Capital repayments | 9 996 880 | - | 10 816 046 | - |
| Interest | - | - | 4 002 874 | - |
| Unspent conditional government grants and receipts | 2 489 500 | - | - | - |
| | 130 042 191 | 5 578 907 | 14 818 920 | - |
| **2016** | | | | |
| Long Term liabilities | 3 278 181 | 7 269 637 | - | - |
| Capital repayments | 1 397 463 | 4 526 353 | - | - |
| Interest | 1 880 718 | 2 743 284 | - | - |
| Payables From Exchange Transactions | 77 670 503 | - | - | - |
| Provisions | 9 996 880 | - | 14 818 920 | - |
| Capital repayments | 9 996 880 | - | 10 816 046 | - |
| Interest | - | - | 4 002 874 | - |
| Unspent conditional government grants and receipts | 1 138 074 | - | - | - |
| | 92 083 639 | 7 269 637 | 14 818 920 | - |

| | | | 2017<br>R | 2016<br>R |
|---|---|---|---|---|
| **43** | **FINANCIAL INSTRUMENTS** | | | |
| | In accordance with GRAP 104 the financial instruments of the municipality are classified as follows: | | | |
| | The fair value of financial instruments approximates the amortised costs as reflected bellow. | | | |
| **43.1** | **Financial Assets** | **Classification IAS 39** | | |
| | **Long-term Receivables** | | | |
| | Trade and other receivables with arrangements | Financial instruments at amortised cost | - | - |
| | **Consumer Debtors** | | | |
| | Trade receivables from exchange transactions | Financial instruments at amortised cost | 70 929 364 | 56 986 275 |
| | Other receivables from exchange transactions | Financial instruments at amortised cost | 3 613 076 | 2 144 840 |
| | Other receivables from non-exchange transactions | Financial instruments at amortised cost | 18 451 761 | 13 418 204 |
| | **Other Debtors** | | | |
| | Government Subsidies and Grants | Financial instruments at amortised cost | - | - |
| | **Current Portion of Long-term Receivables** | | | |
| | Trade and other receivables with arrangements | Financial instruments at amortised cost | - | - |
| | **Short-term Investment Deposits** | | | |
| | Call Deposits | Financial instruments at amortised cost | 258 565 | 1 546 486 |
| | **Bank Balances and Cash** | | | |
| | Bank Balances | Financial instruments at amortised cost | 2 163 189 | 1 302 674 |
| | Cash Floats and Advances | Financial instruments at amortised cost | 800 | 800 |
| | | | **95 416 754** | **75 399 279** |
| | **SUMMARY OF FINANCIAL ASSETS** | | | |
| | **Financial instruments at amortised cost** | | **95 416 754** | **75 399 279** |
| **43.2** | **Financial Liability** | **Classification IAS 39** | | |
| | **Long-term Liabilities** | | | |
| | Annuity Loans | Financial instruments at amortised cost | - | 76 509 |
| | Capitalised Lease Liability | Financial instruments at amortised cost | 4 041 567 | 4 449 844 |
| | **Trade Payables** | | | |
| | Trade creditors | Financial instruments at amortised cost | 109 297 226 | 70 769 134 |
| | Sundry creditors | Financial instruments at amortised cost | 4 536 237 | 4 563 357 |
| | Deposits | Financial instruments at amortised cost | - | - |
| | **Unspent Conditional Grants and Receipts** | | | |
| | Other Spheres of Government | Financial instruments at amortised cost | 2 489 500 | 1 138 074 |
| | **Current Portion of Long-term Liabilities** | | | |
| | Annuity Loans | Financial instruments at amortised cost | 76 509 | 604 030 |
| | Capitalised Lease Liability | Financial instruments at amortised cost | 1 289 474 | 793 433 |
| | **Bank Balances and Cash** | | | |
| | Bank Balances | Financial instruments at amortised cost | - | - |
| | | | **121 730 513** | **82 394 381** |
| | **SUMMARY OF FINANCIAL LIABILITY** | | | |
| | **Financial instruments at amortised cost** | | **121 730 513** | **82 394 381** |

| | | 2017<br>R | 2016<br>R |
|---|---|---|---|
| **44** | **EVENTS AFTER THE REPORTING DATE** | | |
| | Fraud investigation in terms of fictitious wage timesheets made by the Human Resources clerk. | | |

## 45 IN-KIND DONATIONS AND ASSISTANCE

The municipality received funding from various parties for the SAMSRA Games to the value of R60 500.
The municipality received funding from Nashua for voter education to the value of R160 000.

## 46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

## 47 CONTINGENT LIABILITY

| | | |
|---|---|---|
| Phumelela Africa Professional Engineers | unknown | 650 000 |
| Siyancuma has a possible liability regarding litigation claims for damages by J Kerhoff | 26 180 | - |
| Siyancuma has a possible liability regarding litigation claims for damages by S Jantjies | 25 286 | - |
| Siyancuma has a possible liability regarding litigation claims for damages by MJ van Zyl | 245 758 | 300 000 |

Siyancuma Municipality has a possible liability with regards to the landfill site licence for Griekwastad which is outstanding, the amount of the liability is unknown.

## 48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

### 48.1 Related Party Transactions

| | | Rates - Levied 1 July 2016 - 30 June 2017 | Service Charges - Levied 1 July 2016 - 30 June 2017 | Other - Levied 1 July 2016 - 30 June 2017 | Outstanding Balances 30 June 2017 |
|---|---|---|---|---|---|
| **Year ended 30 June 2017** | | | | | |
| **Councillors** | | **1 750** | **11 817** | **4 578** | **92 332** |
| A. Oliphant | 3C0500/300500 | - | - | 2 785 | 28 379 |
| A. Oliphant | 3C0139/300139 | - | 1 990 | - | 166 |
| L van Niekerk | 100153/100756 | 1 750 | 3 362 | 1 793 | 19 008 |
| KJ Apie | 201022/202116 | - | 6 465 | - | 1 165 |
| L. Oliphant | | - | - | - | 25 605 |
| A. Marekwa | | - | - | - | 9 005 |
| C. Olyn | | - | - | - | 9 005 |

| | | Rates - Levied 1 July 2015 - 30 June 2016 | Service Charges - Levied 1 July 2015 - 30 June 2016 | Other - Levied 1 July 2015 - 30 June 2016 | Outstanding Balances 30 June 2016 |
|---|---|---|---|---|---|
| **Year ended 30 June 2016** | | | | | |
| **Councillors** | | **9 646** | **19 373** | **4 108** | **117 035** |
| D. Koopman | 100986/102213 | 2 506 | 7 445 | - | 632 |
| A. Oliphant | 3C0500/300500 | - | - | 2 785 | 25 594 |
| A. Oliphant | 3C0139/300139 | - | 1 821 | - | 153 |
| L van Niekerk | 100153/100756 | 7 140 | 6 465 | 1 323 | 32 376 |
| L van Wyk | 131406/105258 | - | 3 641 | - | 264 |
| L. Oliphant | | - | - | - | 28 005 |
| A. Marekwa | | - | - | - | 15 005 |
| C. Olyn | | - | - | - | 15 005 |

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

### 48.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note to the Annual Financial Statements.

### 48.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

### 48.4 Other related party transactions

Strike damages amounting to R96 618.17 was still outstanding as at 30 June 2017.

## 49 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The current ratio decreased to 0.22:1 from 0.281 in the prior year.

The municipality has furthermore budgeting for negative cash flows during 2017/2018 and 2018/2019 amounting to R7 597 000 and R13 489 000 respectively.

The average debtors' payment days decreased to 1034 days from -1851 days. The debtors impairment ratio decreased to 91% from the previous year's 90%.

**Other Indicators**

Possible outflow of recources due the contingent liability disclosed in note 47

## 11 PROPERTY, PLANT AND EQUIPMENT

| Reconciliation of Carrying Value | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance R | Additions R | Work-in-progress | Disposals R | Closing Balance R | Opening Balance R | Depreciation Charge R | Impairment Charge R | Disposals R | Closing Balance R | R |
| **30 June 2017** | | | | | | | | | | | |
| **Land and Buildings** | 22 442 735 | - | - | -502 007 | 21 940 728 | 378 009 | 36 790 | - | -4 073 | 410 726 | 21 530 002 |
| Land | 18 732 631 | - | - | -475 007 | 18 257 624 | - | - | - | - | - | 18 257 624 |
| Buildings | 3 710 104 | - | - | -27 000 | 3 683 104 | 378 009 | 36 790 | - | -4 073 | 410 726 | 3 272 377 |
| **Infrastructure** | 377 914 505 | 39 896 300 | - | -884 370 | 416 926 435 | 95 072 394 | 7 581 036 | - | -188 805 | 102 464 624 | 314 461 811 |
| Road Network | 87 076 856 | - | - | - | 87 076 856 | 32 225 540 | 2 954 476 | - | - | 35 180 016 | 51 896 840 |
| Sanatation Network | 92 616 069 | 3 983 854 | - | -251 725 | 96 348 198 | 26 884 198 | 1 701 500 | - | -49 871 | 28 535 827 | 67 812 372 |
| Electricity Network | 54 926 922 | 4 814 017 | - | -187 210 | 59 553 729 | 12 710 454 | 1 249 194 | - | -42 342 | 13 917 306 | 45 636 423 |
| Water Network | 93 195 075 | 14 714 167 | 37 300 504 | -445 435 | 144 764 312 | 22 750 491 | 1 445 202 | - | -96 592 | 24 099 101 | 120 665 210 |
| Stormwater Network | 12 118 793 | - | - | - | 12 118 793 | 501 711 | 230 664 | - | - | 732 375 | 11 386 417 |
| Work-in-Progress | 37 980 790 | 16 384 262 | -37 300 504 | - | 17 064 548 | - | - | - | - | - | 17 064 548 |
| **Community Assets** | 33 684 517 | - | - | - | 33 684 517 | 386 313 | 32 874 | - | - | 419 187 | 33 265 329 |
| Library | 466 394 | - | - | - | 466 394 | 37 263 | 5 097 | - | - | 42 360 | 424 034 |
| Cemetary | 176 000 | - | - | - | 176 000 | - | - | - | - | - | 176 000 |
| Commonage | 21 101 000 | - | - | - | 21 101 000 | - | - | - | - | - | 21 101 000 |
| Community Halls | 1 264 123 | - | - | - | 1 264 123 | 105 507 | 12 524 | - | - | 118 030 | 1 146 092 |
| Game Farm | 8 171 000 | - | - | - | 8 171 000 | - | - | - | - | - | 8 171 000 |
| Holiday Resort | 1 195 000 | - | - | - | 1 195 000 | 103 391 | 8 061 | - | - | 111 452 | 1 083 548 |
| Sport Facilities | 1 311 000 | - | - | - | 1 311 000 | 140 153 | 7 192 | - | - | 147 345 | 1 163 655 |
| **Lease Assets** | 5 309 202 | 894 530 | - | - | 6 203 732 | 1 283 582 | 1 239 962 | - | - | 2 523 544 | 3 680 188 |
| Office Equipment | 5 309 202 | 894 530 | - | - | 6 203 732 | 1 283 582 | 1 239 962 | - | - | 2 523 544 | 3 680 188 |
| **Other Assets** | 12 834 525 | 175 809 | - | -2 504 072 | 10 506 263 | 5 291 855 | 927 609 | 33 880 | -1 041 571 | 5 211 773 | 5 294 490 |
| Air Conditioner | 532 918 | 24 734 | - | -71 059 | 486 593 | 325 449 | 29 013 | 2 135 | -45 193 | 311 404 | 175 190 |
| Chairs | 319 065 | 5 636 | - | -14 721 | 309 980 | 180 464 | 23 603 | 2 362 | -11 132 | 195 297 | 114 683 |
| Electronic Equipment | 735 862 | 57 942 | - | -51 721 | 742 083 | 352 373 | 87 784 | 2 292 | -41 009 | 401 440 | 340 643 |
| Motor Vehicles | 817 481 | - | - | - | 817 481 | 281 461 | 58 571 | - | - | 340 033 | 477 448 |
| Furniture & Fittings | 720 937 | 211 | - | -2 000 | 719 147 | 392 166 | 48 072 | 444 | -1 799 | 438 883 | 280 264 |
| Office Equipment | 8 298 | - | - | - | 8 298 | 7 296 | 336 | 7 | - | 7 640 | 658 |
| Trailers | 189 746 | - | - | -100 000 | 89 746 | 144 983 | 4 757 | - | -81 073 | 68 667 | 21 079 |
| Tables and desks | 206 136 | - | - | - | 206 136 | 120 136 | 11 036 | 469 | - | 131 641 | 74 495 |
| Tractors | 211 000 | - | - | -56 000 | 155 000 | 91 362 | 14 078 | - | -30 490 | 74 950 | 80 050 |
| Trucks | 6 975 992 | - | - | -2 056 987 | 4 919 005 | 2 094 942 | 426 598 | - | -691 902 | 1 829 638 | 3 089 367 |
| Works Equipment | 520 438 | 21 389 | - | -35 051 | 506 776 | 408 732 | 24 990 | 2 726 | -31 050 | 405 398 | 101 378 |
| Computer hardware | 1 596 652 | 65 897 | - | -116 532 | 1 546 018 | 892 491 | 198 772 | 23 444 | -107 923 | 1 006 784 | 539 234 |
| | 452 185 484 | 40 966 639 | - | -3 890 449 | 489 261 675 | 102 412 153 | 9 818 272 | 33 880 | -1 234 449 | 111 029 856 | 378 231 819 |

## 11 PROPERTY, PLANT AND EQUIPMENT

| Reconciliation of Carrying Value | | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening Balance R | Additions R | Work-in-progress | Disposals R | Closing Balance R | Opening Balance R | Depreciation Charge R | Impairment Charge R | Disposals R | Closing Balance R | R |
| **30 June 2016** | | | | | | | | | | | | |
| **Land and Buildings** | | 22 442 735 | - | - | - | 22 442 735 | 341 006 | 37 003 | - | - | 378 009 | 22 064 727 |
| Land | | 18 732 631 | - | - | - | 18 732 631 | - | - | - | - | - | 18 732 631 |
| Balance previously reported | | 20 022 915 | - | - | - | 20 022 915 | - | - | - | - | - | 20 022 915 |
| Correction of error - Note | 34.05 | -1 290 284 | - | | - | -1 290 284 | - | - | - | - | - | -1 290 284 |
| Buildings | | 3 710 104 | - | - | - | 3 710 104 | 341 006 | 37 003 | - | - | 378 009 | 3 332 095 |
| Balance previously reported | | 3 782 154 | - | - | - | 3 782 154 | 384 873 | 37 271 | - | - | 422 145 | 3 360 009 |
| Correction of error - Note | 34.05 | -72 050 | - | | - | -72 050 | -43 868 | -269 | - | - | -44 136 | -27 914 |
| **Infrastructure** | | 351 046 537 | 31 859 652 | - | -4 991 684 | 377 914 505 | 92 651 251 | 5 986 098 | 11 807 | -3 205 686 | 95 072 394 | 282 842 111 |
| Road Network | | 58 382 765 | 7 041 040 | 24 835 641 | -3 182 589 | 87 076 856 | 32 720 259 | 1 821 683 | 4 761 | -2 321 163 | 32 225 540 | 54 851 316 |
| Balance previously reported | | 58 382 765 | 7 041 040 | 24 835 641 | -3 182 589 | 87 076 856 | 36 474 023 | 1 511 377 | 4 761 | -2 321 163 | 35 668 997 | 51 407 859 |
| Correction of error - Note | 34.05 | - | - | | - | - | -3 753 764 | 310 306 | - | - | -3 443 457 | 3 443 457 |
| Sanitation Network | | 89 107 455 | 3 508 614 | - | - | 92 616 069 | 25 309 694 | 1 574 504 | - | - | 26 884 198 | 65 731 871 |
| Balance previously reported | | 89 107 455 | 3 508 614 | - | - | 92 616 069 | 31 336 365 | 1 632 265 | - | - | 32 968 630 | 59 647 439 |
| Correction of error - Note | 34.05 | - | - | - | - | - | -6 026 671 | -57 761 | - | - | -6 084 432 | 6 084 432 |
| Electricity Network | | 52 409 551 | 3 619 651 | 584 269 | -1 686 549 | 54 926 922 | 12 328 212 | 1 162 029 | 7 046 | -786 834 | 12 710 454 | 42 216 468 |
| Balance previously reported | | 52 409 551 | 3 619 651 | 584 269 | -1 686 549 | 54 926 922 | 18 561 205 | 1 069 737 | 187 027 | -786 834 | 19 031 135 | 35 895 787 |
| Correction of error - Note | 34.05 | - | - | - | - | - | -6 232 993 | 92 292 | -179 981 | - | -6 320 681 | 6 320 681 |
| Water Network | | 93 275 543 | 42 079 | - | -122 546 | 93 195 075 | 21 435 254 | 1 412 927 | - | -97 690 | 22 750 491 | 70 444 584 |
| Balance previously reported | | 93 275 543 | 4 722 341 | 18 196 282 | -122 546 | 116 071 620 | 38 935 725 | 2 748 880 | - | -97 690 | 41 586 916 | 74 484 704 |
| Correction of error - Note | 34.05 | - | -4 680 262 | -18 196 282 | - | -22 876 545 | -17 500 471 | -1 335 953 | - | - | -18 836 424 | -4 040 120 |
| Stormwater Network | | 1 333 315 | 2 181 208 | 8 604 270 | - | 12 118 793 | 486 757 | 14 955 | - | - | 501 711 | 11 617 082 |
| Balance previously reported | | 1 333 315 | 2 181 208 | 8 604 270 | - | 12 118 793 | 734 073 | 19 760 | - | - | 753 833 | 11 364 960 |
| Correction of error - Note | 34.05 | - | - | | - | - | -247 317 | -4 805 | - | - | -252 122 | 252 122 |
| Work-in-Progress | | 56 537 909 | 15 467 061 | -34 024 180 | - | 37 980 790 | - | - | - | - | - | 37 980 790 |
| Balance previously reported | | 56 537 909 | 10 786 799 | -52 220 462 | - | 15 104 245 | - | - | - | - | - | 15 104 245 |
| Correction of error - Note | 34.05 | - | 4 680 262 | 18 196 282 | - | 22 876 545 | - | - | - | - | - | 22 876 545 |

## 11 PROPERTY, PLANT AND EQUIPMENT

| Reconciliation of Carrying Value | | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Opening Balance R | Additions R | Work-in-progress | Disposals R | Closing Balance R | Opening Balance R | Depreciation Charge R | Impairment Charge R | Disposals R | Closing Balance R | R |
| **Community Assets** | | 33 684 517 | - | - | - | 33 684 517 | 240 849 | 36 638 | 108 826 | - | 386 313 | 33 298 203 |
| Libraries | | 466 394 | - | - | - | 466 394 | 32 166 | 5 097 | - | - | 37 263 | 429 131 |
| Cemetery | | 176 000 | - | - | - | 176 000 | - | - | - | - | - | 176 000 |
| Commonage | | 21 101 000 | - | - | - | 21 101 000 | - | - | - | - | - | 21 101 000 |
| Balance previously reported | | 20 197 000 | - | - | - | 20 197 000 | - | - | - | - | - | 20 197 000 |
| Correction of error - Note | 34.05 | 904 000 | - | - | - | 904 000 | - | - | - | - | - | 904 000 |
| Community Halls | | 1 264 123 | - | - | - | 1 264 123 | 92 983 | 12 524 | - | - | 105 507 | 1 158 616 |
| Game Farm | | 8 171 000 | - | - | - | 8 171 000 | - | - | - | - | - | 8 171 000 |
| Holiday Resort | | 1 195 000 | - | - | - | 1 195 000 | 91 566 | 11 825 | - | - | 103 391 | 1 091 609 |
| Sport Facilities | | 1 311 000 | - | - | - | 1 311 000 | 24 134 | 7 192 | 108 826 | - | 140 153 | 1 170 847 |
| **Lease Assets** | | 4 290 154 | 1 476 048 | - | -457 000 | 5 309 202 | 397 384 | 976 680 | - | -90 482 | 1 283 582 | 4 025 620 |
| Office Equipment | | 4 290 154 | 1 476 048 | - | -457 000 | 5 309 202 | 397 384 | 976 680 | - | -90 482 | 1 283 582 | 4 025 620 |
| **Other Assets** | | 12 569 575 | 281 473 | - | -16 522 | 12 834 525 | 4 045 241 | 1 062 863 | 190 042 | -6 292 | 5 291 855 | 7 542 671 |
| Air Conditioner | | 523 366 | 9 553 | - | - | 532 918 | 294 488 | 30 961 | - | - | 325 449 | 207 469 |
| Chairs | | 319 065 | - | - | - | 319 065 | 152 215 | 28 249 | - | - | 180 464 | 138 601 |
| Electronic Equipment | | 625 832 | 115 500 | - | -5 470 | 735 862 | 248 480 | 99 603 | 6 852 | -2 561 | 352 373 | 383 489 |
| Motor vehicles | | 817 481 | - | - | - | 817 481 | 222 890 | 58 571 | - | - | 281 461 | 536 020 |
| Furniture & Fittings | | 678 572 | 42 365 | - | - | 720 937 | 341 554 | 50 612 | - | - | 392 166 | 328 771 |
| Office Equipment | | 9 298 | - | - | -1 000 | 8 298 | 7 737 | 512 | - | -952 | 7 296 | 1 002 |
| Trailer | | 189 746 | - | - | - | 189 746 | 132 364 | 12 619 | - | - | 144 983 | 44 763 |
| Tables and desks | | 206 136 | - | - | - | 206 136 | 107 824 | 12 313 | - | - | 120 136 | 86 000 |
| Tractors | | 211 000 | - | - | - | 211 000 | 81 451 | 9 911 | - | - | 91 362 | 119 638 |
| Trucks | | 6 975 992 | - | - | - | 6 975 992 | 1 608 357 | 486 585 | - | - | 2 094 942 | 4 881 050 |
| Works Equipment | | 511 370 | 9 068 | - | - | 520 438 | 216 502 | 58 463 | 133 767 | - | 408 732 | 111 706 |
| Computer hardware | | 1 501 717 | 104 988 | - | -10 052 | 1 596 652 | 631 381 | 214 464 | 49 423 | -2 778 | 892 491 | 704 163 |
| | | 424 033 517 | 33 617 173 | - | -5 465 206 | 452 185 484 | 97 675 731 | 8 099 282 | 310 675 | -3 302 459 | 102 412 153 | 349 773 333 |

**APPENDIX A - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 June 2016 | Correction of Error | Balance at 30 June 2016 Restated | Received during the period | Redeemed written off during the period | Balance at 30 June 2017 |
|---|---|---|---|---|---|---|---|---|---|
| **ANNUITY LOANS** | | | | | | | | | |
| NISSAN NP200 CDR 062 NC | 10.50 | Standard Bank | 2016-11-01 | 11 391 | - | 11 391 | - | (11 391) | - |
| NISSAN NP200 CDN 916 NC | 10.50 | Standard Bank | 2016-10-01 | 9 139 | - | 9 139 | - | (9 139) | - |
| NISSAN HARDBODY NP300 CDP 880 N | 10.50 | Standard Bank | 2016-11-01 | 16 086 | - | 16 086 | - | (16 086) | - |
| HYUNDAI H100 CDP 690 NC | 10.50 | Standard Bank | 2016-10-01 | 17 068 | - | 17 068 | - | (17 068) | - |
| JOHN DEERE CFR 787 NC (017) | 10.50 | Standard Bank | 2017-07-01 | 69 059 | - | 69 059 | - | (63 464) | 5 595 |
| TATA TIPPER CFZ 066 NC (019) | 10.50 | Standard Bank | 2017-09-01 | 189 389 | - | 189 389 | - | (149 601) | 39 788 |
| NISSAN HARDBODY NP300 CDP 876 N | 10.00 | Standard Bank | 2016-11-01 | 23 503 | - | 23 503 | - | (23 503) | - |
| NISSAN TIIDA CDP 877 NC | 10.50 | Standard Bank | 2016-11-01 | 18 595 | - | 18 595 | - | (18 595) | - |
| QUANTUM CDP 884 NC | 10.50 | Standard Bank | 2016-11-01 | 34 436 | - | 34 436 | - | (34 436) | - |
| NISSAN HARDBODY CDZ032 NC | 10.50 | Standard Bank | 2016-12-01 | 19 189 | - | 19 189 | - | (19 189) | - |
| NISSAN HARDBODY CDT 116 NC | 10.50 | Standard Bank | 2016-12-01 | 19 228 | - | 19 228 | - | (19 228) | - |
| NISSAN HARDBODY CDT 114 NC | 10.50 | Standard Bank | 2016-12-01 | 19 228 | - | 19 228 | - | (19 228) | - |
| NISSAN HARDBODY CDP 879 NC | 10.50 | Standard Bank | 2012-11-01 | 16 072 | - | 16 072 | - | (16 072) | - |
| TOYOTA HILUX CDK 987 NC | 10.50 | Standard Bank | 2016-09-02 | 10 770 | - | 10 770 | - | (10 770) | - |
| TATA HONEY SUCKER CFZ 858 NC (0 | 10.00 | Standard Bank | 2017-08-01 | 207 384 | - | 207 384 | - | (176 259) | 31 125 |
| **Total Annuity Loans** | | | | **680 539** | **-** | **680 539** | **-** | **(604 030)** | **76 509** |

**APPENDIX A - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 June 2016 | Correction of Error | Balance at 30 June 2016 Restated | Received during the period | Redeemed written off during the period | Balance at 30 June 2017 |
|---|---|---|---|---|---|---|---|---|---|
| **LEASE LIABILITY** | | | | | | | | | |
| Various (R150100) | 9 to 59% | Nashua | 2019-12-31 | 3 160 051 | - | 3 160 051 | - | (490 924) | 2 669 127 |
| Various (R2200) | 48.00% | Nashua | 2020-01-31 | 51 293 | - | 51 293 | - | (7 041) | 44 252 |
| Various (R18918) | 41.00% | Nashua | 2020-03-31 | 490 871 | - | 490 871 | - | (68 750) | 422 121 |
| PABX (R16700) | 19.50% | Nashua | 2020-09-30 | 657 245 | - | 657 245 | - | (110 088) | 547 157 |
| CCTV Cameras (R24000) | 25.42% | Nashua | 2021-01-31 | 883 817 | - | 883 817 | - | (116 629) | 767 188 |
| Biometric Access Control (R28500) | 23.53% | Nashua | 2021-06-30 | - | - | - | 1 019 764 | (138 568) | 881 197 |
| | | | | | | | - | | |
| **Total Lease Liabilities** | | | | **5 243 277** | **-** | **5 243 277** | **1 019 764** | **(932 001)** | **5 331 041** |
| **TOTAL EXTERNAL LOANS** | | | | **5 923 816** | **-** | **5 923 816** | **1 019 764** | **(1 536 031)** | **5 407 549** |

**APPENDIX B - Unaudited**

**SIYANCUMA LOCAL MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**MUNICIPAL VOTES CLASSIFICATION**

| 2016 Actual Income R | 2016 Actual Expenditure R | 2016 Surplus/ (Deficit) R | | 2017 Actual Income R | 2017 Actual Expenditure R | 2017 Surplus/ (Deficit) R |
|---|---|---|---|---|---|---|
| - | - | - | Assesment Rates | - | - | - |
| 30 599 | (764 620) | (734 022) | Cemetary | 42 960 | (659 437) | (616 477) |
| - | - | - | Civic Centre | - | - | - |
| 8 846 528 | (9 640 878) | (794 350) | Cleansing | 4 363 323 | (4 623 308) | (259 985) |
| 225 658 | (25 506 088) | (25 280 430) | Corporate and Human Resources | 10 036 345 | (32 239 711) | (22 203 366) |
| - | - | - | Council General | - | - | - |
| - | - | - | Depreciation Reserves | - | - | - |
| 103 845 | (103 332) | 513 | Douglas Holiday Resort | 65 820 | (233 126) | (167 306) |
| 33 723 039 | (41 498 610) | (7 775 571) | Electricity | 49 243 774 | (44 629 765) | 4 614 009 |
| 51 676 756 | (31 187 345) | 20 489 411 | Finance | 52 304 083 | (40 313 214) | 11 990 869 |
| - | (396 775) | (396 775) | Fire Bridge | - | (478 083) | (478 083) |
| - | (5 490 996) | (5 490 996) | Governance - Council | - | (5 319 263) | (5 319 263) |
| - | (280 405) | (280 405) | Health Services | - | (420 958) | (420 958) |
| 1 875 000 | - | 1 875 000 | Interns | 2 010 000 | (38 858) | 1 971 142 |
| 795 625 | (2 081 217) | (1 285 592) | Library | 924 825 | (2 289 378) | (1 364 553) |
| 1 500 | - | 1 500 | Licences | 900 | - | 900 |
| 66 171 | (132 750) | (66 579) | Meent | 67 397 | - | 67 397 |
| - | (1 790 813) | (1 790 813) | Municipal Manager | - | (2 139 494) | (2 139 494) |
| - | (770 166) | (770 166) | Parks and Recreation | - | (783 031) | (783 031) |
| 117 716 | (4 247 421) | (4 129 705) | Properties | 108 242 | (3 885 294) | (3 777 052) |
| 19 337 665 | (11 949 566) | 7 388 099 | Public Works: Roads | 1 755 320 | (11 570 921) | (9 815 601) |
| - | - | - | Sanitation | - | - | - |
| 11 348 280 | (7 601 542) | 3 746 738 | Sewerage and Sanitation | 5 345 093 | (8 829 834) | (3 484 741) |
| - | - | - | Stormwater Drainage | - | - | - |
| 4 077 266 | (3 349 610) | 727 657 | Traffic | 3 396 230 | (3 210 382) | 185 848 |
| 13 444 688 | (7 709 077) | 5 735 611 | Water | 26 239 276 | (8 039 167) | 18 200 109 |
| 145 670 336 | (154 501 209) | (8 830 873) | Sub Total | 155 903 588 | (169 703 224) | (13 799 636) |
| - | 2 025 992 | 2 025 992 | Less Inter-Departmental Charges | - | 2 343 165 | 2 343 165 |
| 145 670 336 | (152 475 217) | (6 804 881) | **Total** | 155 903 588 | (167 360 059) | (11 456 471) |

**APPENDIX C - Unaudited**

**SIYANCUMA LOCAL MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2016 Actual Income R | 2016 Actual Expenditure R | 2016 Surplus/ (Deficit) R | | 2017 Actual Income R | 2017 Actual Expenditure R | 2017 Surplus/ (Deficit) R |
|---|---|---|---|---|---|---|
| - | (5 490 996) | (5 490 996) | Executive & Council | - | (5 319 263) | (5 319 263) |
| 53 669 473 | (35 434 766) | 18 234 707 | Budget & Treasury | 54 422 325 | (44 237 366) | 10 184 959 |
| 291 829 | (27 429 650) | (27 137 821) | Corporate Services | 10 103 742 | (34 379 206) | (24 275 464) |
| - | (280 405) | (280 405) | Health | - | (420 958) | (420 958) |
| 826 224 | (2 845 837) | (2 019 613) | Community & Social Services | 967 785 | (2 948 815) | (1 981 030) |
| 4 078 766 | (3 746 385) | 332 381 | Public Safety | 3 397 130 | (3 688 465) | (291 335) |
| 103 845 | (873 497) | (769 653) | Sport & Recreation | 65 820 | (1 016 157) | (950 337) |
| 8 846 528 | (9 640 878) | (794 350) | Waste Management | 4 363 323 | (4 623 308) | (259 985) |
| 11 348 280 | (7 601 541) | 3 746 738 | Waste Water Management | 5 345 093 | (8 829 834) | (3 484 741) |
| 19 337 665 | (11 949 566) | 7 388 099 | Road Transport | 1 755 320 | (11 570 921) | (9 815 601) |
| 13 444 688 | (7 709 077) | 5 735 611 | Water | 26 239 276 | (8 039 167) | 18 200 109 |
| 33 723 039 | (41 498 606) | (7 775 567) | Electricity | 49 243 774 | (44 629 761) | 4 614 013 |
| | | | | | | - |
| 145 670 336 | (154 501 205) | (8 830 869) | Sub Total | 155 903 588 | (169 703 221) | -13 799 633 |
| - | 2 025 992 | 2 025 992 | Less Inter-Departmental Charges | - | 2 343 165 | 2 343 165 |
| 145 670 336 | (152 475 213) | (6 804 877) | **Total** | 155 903 588 | (167 360 056) | (11 456 468) |

**APPENDIX D - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Grant Description | Balance 1 July 2016 | Correction of error | Restated balance 1 July 2016 | Contributions during the year | Transfer | Interest on Investments | Other Income | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 June 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS** | | | | | | | | | | |
| | **R** | **R** | **R** | **R** | **R** | **R** | **R** | **R** | **R** | **R** |
| Library Project | 463 631 | - | 463 631 | 1 280 000 | - | - | - | 924 798 | - | 818 833 |
| FMG | - | - | - | 2 010 000 | - | - | - | 2 010 000 | - | - |
| Equitable Share | - | - | - | 39 604 000 | 373 344 | - | - | 39 977 344 | - | - |
| MIG | - | - | - | 30 851 000 | - | - | - | - | 29 623 811 | 1 227 189 |
| LG Seta | 301 099 | - | 301 099 | 142 379 | - | - | - | - | - | 443 479 |
| EPWP | 347 344 | - | 347 344 | 1 000 000 | (347 344) | - | - | 1 000 000 | - | - |
| Department of Minerals & Energy | 26 000 | - | 26 000 | 5 300 000 | (26 000) | - | - | - | 5 300 000 | - |
| RBIG | - | - | - | 993 049 | - | - | - | - | 993 049 | - |
| **Total** | **1 138 074** | **-** | **1 138 074** | **81 180 429** | **-** | **-** | **-** | **43 912 142** | **35 916 860** | **2 489 500** |

**APPENDIX E - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

| Description | 2016/2017 | | | | | | | 2015/2016 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **Revenue - Standard** | | | | | | | | |
| ***Governance and administration*** | **55 574** | **–** | **55 574** | **64 526** | **8 952** | **116.1%** | **116.1%** | **53 961** |
| Executive and council | 2 645 | – | 2 645 | – | (2 645) | - | - | – |
| Budget and treasury office | 51 444 | – | 51 444 | 54 422 | 2 978 | 105.8% | 105.8% | 53 669 |
| Corporate services | 1 485 | – | 1 485 | 10 104 | 8 619 | 680.4% | 680.4% | 292 |
| ***Community and public safety*** | **240** | **0** | **240** | **4 431** | **4 191** | **1844.8%** | **1845.4%** | **5 009** |
| Community and social services | 240 | 0 | 240 | 968 | 728 | 403.0% | 403.1% | 826 |
| Sport and recreation | – | – | – | 66 | 66 | 100.0% | 100.0% | 104 |
| Public safety | – | – | – | 3 397 | – | 100.0% | 100.0% | 4 079 |
| Housing | – | – | – | – | – | - | - | – |
| Health | – | – | – | – | – | - | - | – |
| ***Economic and environmental services*** | **20 731** | **–** | **20 731** | **1 755** | **(18 976)** | **8.5%** | **8.5%** | **19 338** |
| Planning and development | – | – | – | – | – | - | - | – |
| Road transport | 20 731 | – | 20 731 | 1 755 | (18 976) | 8.5% | 8.5% | 19 338 |
| Environmental protection | – | – | – | – | – | - | - | – |
| ***Trading services*** | **62 923** | **16 300** | **79 223** | **85 191** | **5 968** | **107.5%** | **135.4%** | **67 363** |
| Electricity | 43 299 | 16 300 | 59 599 | 49 244 | (10 355) | 82.6% | 113.7% | 33 723 |
| Water | 13 809 | – | 13 809 | 26 239 | 12 430 | 190.0% | 190.0% | 13 445 |
| Waste water management | 2 951 | – | 2 951 | 5 345 | 2 394 | 181.1% | 181.1% | 11 348 |
| Waste management | 2 864 | – | 2 864 | 4 363 | 1 499 | 152.3% | 152.3% | 8 847 |
| ***Other*** | – | – | – | – | – | - | - | – |
| **Total Revenue - Standard** | **139 468** | **16 300** | **155 768** | **155 904** | **135** | **100.1%** | **111.8%** | **145 670** |
| **Expenditure - Standard** | | | | | | | | |
| ***Governance and administration*** | **62 339** | **–** | **62 339** | **83 684** | 21 345 | **134.2%** | **134.2%** | **68 126** |
| Executive and council | 7 114 | – | 7 114 | 5 319 | (1 795) | 74.8% | 74.8% | 5 491 |
| Budget and treasury office | 34 711 | – | 34 711 | 43 986 | 9 275 | 126.7% | 126.7% | 35 206 |
| Corporate services | 20 514 | – | 20 514 | 34 379 | 13 866 | 167.6% | 167.6% | 27 430 |
| ***Community and public safety*** | **5 164** | **–** | **5 164** | **7 740** | **2 576** | **149.9%** | **149.9%** | **7 492** |
| Community and social services | 2 846 | – | 2 846 | 2 913 | 67 | 102.4% | 102.4% | 2 814 |
| Sport and recreation | 1 229 | – | 1 229 | 753 | (477) | 61.2% | 61.2% | 682 |
| Public safety | 688 | – | 688 | 3 688 | 3 000 | 536.0% | 536.0% | 3 746 |
| Housing | – | – | – | – | – | - | - | – |
| Health | 400 | – | 400 | 386 | (15) | 96.4% | 96.4% | 250 |
| ***Economic and environmental services*** | **14 151** | **–** | **14 151** | **11 534** | **(2 617)** | **81.5%** | **81.5%** | **11 917** |
| Planning and development | – | – | – | – | – | - | - | – |
| Road transport | 14 151 | – | 14 151 | 11 534 | (2 617) | 81.5% | 81.5% | 11 917 |
| Environmental protection | – | – | – | – | – | - | - | – |
| ***Trading services*** | **66 174** | **–** | **66 174** | **64 402** | **(1 772)** | **97.3%** | **97.3%** | **64 939** |
| Electricity | 44 836 | – | 44 836 | 43 915 | (921) | 97.9% | 97.9% | 40 878 |
| Water | 9 985 | – | 9 985 | 7 184 | (2 801) | 71.9% | 71.9% | 7 000 |
| Waste water management | 8 815 | – | 8 815 | 8 680 | (135) | 98.5% | 98.5% | 7 420 |
| Waste management | 2 539 | – | 2 539 | 4 623 | 2 085 | 182.1% | 182.1% | 9 641 |
| ***Other*** | – | – | – | – | – | **-** | **-** | – |
| **Total Expenditure - Standard** | **147 828** | **–** | **147 828** | **167 360** | **19 532** | **113.2%** | **113.2%** | **152 475** |
| **Surplus/(Deficit) for the year** | **(8 360)** | **16 300** | **7 940** | **(11 456)** | **(19 397)** | **-144.3%** | **137.0%** | **(6 805)** |

**APPENDIX E - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

| Description | 2016/2017 | | | | | | | 2015/2016 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **Revenue by Vote** | | | | | | | | |
| Municipal Manager | – | – | – | – | – | - | - | – |
| Council | 2 645 | – | 2 645 | – | (2 645) | - | - | – |
| Corporate and Human Resources | 216 | – | 216 | 10 104 | 9 888 | 4677.7% | 4677.7% | 293 |
| Finance | 51 444 | – | 51 444 | 54 314 | 2 870 | 105.6% | 105.6% | 53 552 |
| Properties | 1 269 | – | 1 269 | 108 | (1 161) | 8.5% | 8.5% | 118 |
| Libraries | 200 | – | 200 | 925 | 725 | 462.2% | 462.2% | 796 |
| Cemetary | 40 | – | 40 | 43 | 3 | 107.4% | 107.4% | 31 |
| Parks and Recreation | – | – | – | 66 | 66 | 100.0% | 100.0% | 104 |
| Health Services | – | – | – | – | – | - | - | – |
| Waste Management | 2 864 | – | 2 864 | 4 363 | 1 499 | 152.3% | 152.3% | 8 847 |
| Public Works | 16 851 | – | 16 851 | 1 755 | (15 096) | 10.4% | 10.4% | 19 338 |
| Electricity | 43 299 | 16 300 | 59 599 | 49 244 | (10 355) | 82.6% | 113.7% | 33 723 |
| Water | 13 809 | – | 13 809 | 26 239 | 12 430 | 190.0% | 190.0% | 13 445 |
| Waste Water Management | 2 951 | – | 2 951 | 5 345 | 2 394 | 181.1% | 181.1% | 11 348 |
| Traffic | 3 880 | – | 3 880 | 3 397 | (483) | 87.6% | 87.6% | 4 077 |
| **Total Revenue by Vote** | **139 468** | **16 300** | **155 768** | **155 904** | **136** | **100.1%** | **111.8%** | **145 670** |
| **Expenditure by Vote** ***to be appropriated*** | | | | | | | | |
| Municipal Manager | 1 895 | – | 1 895 | 2 139 | 244 | 112.9% | 112.9% | 1 791 |
| Council | 5 219 | – | 5 219 | 5 319 | 100 | 101.9% | 101.9% | 5 491 |
| Corporate and Human Resources | 16 547 | – | 16 547 | 32 718 | 16 171 | 197.7% | 197.7% | 26 036 |
| Finance | 34 711 | – | 34 711 | 40 323 | 5 611 | 116.2% | 116.2% | 31 164 |
| Properties | 3 967 | – | 3 967 | 3 663 | (303) | 92.4% | 92.4% | 4 042 |
| Libraries | 2 185 | – | 2 185 | 2 254 | 69 | 103.1% | 103.1% | 2 049 |
| Cemetary | 661 | – | 661 | 659 | (1) | 99.8% | 99.8% | 765 |
| Parks and Recreation | 1 229 | – | 1 229 | 753 | (477) | 61.2% | 61.2% | 682 |
| Health Services | 1 088 | – | 1 088 | 386 | (703) | 35.4% | 35.4% | 250 |
| Waste Management | 2 539 | – | 2 539 | 4 623 | 2 085 | 182.1% | 182.1% | 9 641 |
| Public Works | 11 434 | – | 11 434 | 11 534 | 99 | 100.9% | 100.9% | 11 917 |
| Electricity | 44 836 | – | 44 836 | 43 915 | (921) | 97.9% | 97.9% | 40 878 |
| Water | 9 985 | – | 9 985 | 7 184 | (2 801) | 71.9% | 71.9% | 7 000 |
| Waste Water Management | 8 815 | – | 8 815 | 8 680 | (135) | 98.5% | 98.5% | 7 420 |
| Traffic | 2 717 | – | 2 717 | 3 210 | 494 | 118.2% | 118.2% | 3 350 |
| **Total Expenditure by Vote** | **147 828** | **–** | **147 828** | **167 360** | **19 532** | **113.2%** | **113.2%** | **152 475** |
| **Surplus/(Deficit) for the year** | **(8 360)** | **16 300** | **7 940** | **(11 456)** | **(19 397)** | **-144.3%** | **137.0%** | **(6 805)** |

**APPENDIX E - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

| Description | 2016/2017 | | | | | | | 2015/2016 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **Revenue By Source** | | | | | | | | |
| Property rates | 11 016 | – | 11 016 | 10 229 | (787) | 92.9% | 92.9% | 10 075 |
| Property rates - penalties & collection charges | | | – | – | – | - | - | – |
| Service charges - electricity revenue | 37 868 | – | 37 868 | 24 026 | (13 842) | 63.4% | 63.4% | 23 440 |
| Service charges - water revenue | 13 609 | – | 13 609 | 12 784 | (825) | 93.9% | 93.9% | 10 486 |
| Service charges - sanitation revenue | 2 946 | – | 2 946 | 7 045 | 4 099 | 239.1% | 239.1% | 5 892 |
| Service charges - refuse revenue | 2 864 | – | 2 864 | 5 608 | 2 744 | 195.8% | 195.8% | 4 982 |
| Service charges - other | 175 | – | 175 | – | (175) | - | - | – |
| Rental of facilities and equipment | 248 | – | 248 | 240 | (8) | 96.8% | 96.8% | 286 |
| Interest earned - external investments | 100 | – | 100 | 247 | 147 | 247.4% | 247.4% | 150 |
| Interest earned - outstanding debtors | 700 | – | 700 | 499 | (201) | 71.2% | 71.2% | 820 |
| Dividends received | – | – | – | – | – | - | - | – |
| Fines | 3 000 | – | 3 000 | 2 331 | (669) | 77.7% | 77.7% | 3 220 |
| Licences and permits | 80 | – | 80 | 85 | 5 | 106.2% | 106.2% | (46) |
| Agency services | 800 | – | 800 | 990 | 190 | 123.8% | 123.8% | 909 |
| Transfers recognised - operational | 45 393 | – | 45 393 | 43 912 | (1 481) | 96.7% | 96.7% | 44 919 |
| Other revenue | 618 | – | 618 | 2 644 | 2 026 | 427.8% | 427.8% | 3 763 |
| Gains on disposal of PPE | | – | – | 478 | 478 | 100.0% | 100.0% | 43 |
| **Total Revenue (excluding capital transfers and contributions)** | **119 417** | **–** | **119 417** | **111 118** | **(8 299)** | **93.1%** | **93.1%** | **108 941** |
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | 45 653 | – | 45 653 | 49 104 | 3 451 | 107.6% | 107.6% | 48 069 |
| Remuneration of councillors | 3 341 | – | 3 341 | 4 122 | 781 | 123.4% | 123.4% | 3 740 |
| Debt impairment | 13 864 | – | 13 864 | 16 975 | 3 111 | 122.4% | 122.4% | 9 287 |
| Depreciation & asset impairment | 14 610 | – | 14 610 | 11 477 | (3 133) | 78.6% | 78.6% | 15 819 |
| Finance charges | 1 836 | – | 1 836 | 16 696 | 14 860 | 909.3% | 909.3% | 10 751 |
| Bulk purchases | 36 900 | – | 36 900 | 38 414 | 1 514 | 104.1% | 104.1% | 35 451 |
| Other materials | | – | – | 2 529 | 2 529 | 100.0% | 100.0% | 3 153 |
| Contracted services | 1 800 | – | 1 800 | – | (1 800) | - | - | – |
| Transfers and grants | – | – | – | 1 036 | 1 036 | 100.0% | 100.0% | 1 048 |
| Other expenditure | 29 824 | – | 29 824 | 25 534 | (4 290) | 85.6% | 85.6% | 23 056 |
| Loss on disposal of PPE | | – | – | 1 440 | 1 440 | 100.0% | 100.0% | 2 102 |
| **Total Expenditure** | **147 828** | **–** | **147 828** | **167 326** | **19 498** | **113.2%** | **113.2%** | **152 475** |
| | | | | | – | - | - | |
| **Surplus/(Deficit)** | **(28 411)** | **–** | **(28 411)** | **(56 208)** | **(27 797)** | **197.8%** | **197.8%** | **(43 534)** |
| Transfers recognised - capital | 20 051 | 16 300 | 36 351 | 35 917 | (434) | 98.8% | 179.1% | 36 729 |
| Contributions recognised - capital | | – | – | – | – | 100.0% | 100.0% | – |
| Contributed assets | **–** | **–** | – | 8 869 | 8 869 | 100.0% | 100.0% | – |
| **Surplus/(Deficit) for the year** | **(8 360)** | **16 300** | **7 940** | **(11 423)** | **(19 363)** | **-143.9%** | **136.6%** | **(6 805)** |

**APPENDIX E - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

| Description | 2016/2017 | | | | | | | 2015/2016 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **Capital expenditure - Vote** | | | | | | | | |
| **Multi-year expenditure** | | | | | | | | |
| Municipal Manager | – | – | – | – | – | - | - | – |
| Council | – | – | – | – | – | - | - | – |
| Corporate and Human Resources | – | – | – | – | – | - | - | – |
| Finance | – | – | – | – | – | - | - | – |
| Libraries | – | – | – | – | – | - | - | – |
| Cemetary | – | – | – | – | – | - | - | – |
| Parks and Recreation | – | – | – | – | – | - | - | – |
| Health Services | – | – | – | – | – | - | - | – |
| Waste Management | – | – | – | – | – | - | - | – |
| Public Works | – | – | – | – | – | - | - | – |
| Electricity | – | – | – | – | – | - | - | – |
| Water | – | – | – | – | – | - | - | – |
| Waste Water Management | – | – | – | – | – | - | - | – |
| Traffic | – | – | – | – | – | - | - | – |
| **Capital multi-year expenditure** | **–** | **–** | **–** | **–** | – | - | - | **–** |
| **Single-year expenditure** | | | | | | | | |
| Municipal Manager | – | – | – | – | – | - | - | – |
| Council | – | – | – | – | – | - | - | – |
| Corporate and Human Resources | – | – | – | 1 057 | 1 057 | 100.0% | 100.0% | 1 724 |
| Finance | 180 | – | 180 | 11 | (169) | 6.2% | 6.2% | 54 |
| Libraries | 600 | – | 600 | – | (600) | - | - | – |
| Cemetary | – | – | – | – | – | - | - | – |
| Parks and Recreation | – | – | – | – | – | - | - | – |
| Health Services | – | – | – | – | – | - | - | – |
| Waste Management | – | – | – | – | – | - | - | – |
| Public Works | 15 851 | – | 15 851 | – | (15 851) | - | - | 5 068 |
| Electricity | 4 000 | 16 300 | 20 300 | 20 329 | 29 | 100.1% | 508.2% | 3 608 |
| Water | – | – | – | 47 081 | 47 081 | 100.0% | 100.0% | 17 428 |
| Waste Water Management | – | – | – | 3 984 | 3 984 | 100.0% | 100.0% | 5 723 |
| Traffic | – | – | – | – | – | - | 100.0% | 13 |
| **Capital single-year expenditure** | **20 631** | **16 300** | **36 931** | **72 463** | 35 532 | 196% | 351% | **33 617** |
| **Total Capital Expenditure - Vote** | **20 631** | **16 300** | **36 931** | **72 463** | 35 532 | 196% | 351% | **33 617** |
| | | | | | – | - | - | |
| **Capital Expenditure - Standard** | | | | | – | - | - | |
| ***Governance and administration*** | **180** | **–** | **180** | **1 067** | 887 | 592.9% | 592.9% | **1 778** |
| Executive and council | – | – | – | | – | - | - | – |
| Budget and treasury office | 180 | – | 180 | 11 | (169) | 6.2% | 6.2% | 54 |
| Corporate services | – | – | – | 1 056 | 1 056 | 100.0% | 100.0% | 1 724 |
| ***Community and public safety*** | **600** | **–** | **600** | **1** | (599) | 0.2% | 0.2% | **13** |
| Community and social services | 600 | – | 600 | 1 | (599) | 0.2% | 0.2% | – |
| Sport and recreation | – | – | – | – | – | - | - | – |
| Public safety | – | – | – | – | – | - | 100.0% | 13 |
| Housing | – | – | – | – | – | - | - | – |
| Health | – | – | – | – | – | - | - | – |
| ***Economic and environmental services*** | **15 851** | **–** | **15 851** | **–** | (15 851) | - | - | **5 068** |
| Planning and development | – | – | – | – | – | - | - | – |
| Road transport | 15 851 | – | 15 851 | – | (15 851) | - | - | 5 068 |
| Environmental protection | – | – | – | – | – | - | - | – |
| ***Trading services*** | **4 000** | **16 300** | **20 300** | **71 394** | 51 094 | 351.7% | 1784.9% | **26 759** |
| Electricity | 4 000 | 16 300 | 20 300 | 20 329 | 29 | 100.1% | 508.2% | 3 608 |
| Water | – | – | – | 47 081 | 47 081 | 100.0% | 100.0% | 17 428 |
| Waste water management | – | – | – | 3 984 | 3 984 | 100.0% | 100.0% | 5 723 |
| Waste management | | – | – | – | – | - | - | – |
| ***Other*** | **–** | **–** | **–** | **–** | – | - | - | **–** |
| **Total Capital Expenditure - Standard** | **20 631** | **16 300** | **36 931** | **72 463** | **35 532** | **196%** | **351%** | **33 617** |
| | | | | | – | - | - | |
| **Funded by:** | | | | | – | - | - | |
| National Government | 19 851 | 16 300 | 36 151 | 61 348 | 25 197 | 169.7% | 309.0% | 29 165 |
| Provincial Government | 200 | – | 200 | 9 700 | 9 500 | 4850.2% | 4850.2% | 4 121 |
| District Municipality | | – | – | – | – | - | - | – |
| Other transfers and grants | | – | – | – | – | - | - | – |
| **Transfers recognised - capital** | **20 051** | **16 300** | **36 351** | **71 049** | **34 698** | **195%** | **354%** | **33 286** |
| **Public contributions & donations** | **–** | **–** | **–** | **40** | 40 | 100.0% | 100.0% | – |
| **Borrowing** | **–** | **–** | **–** | **895** | 895 | 100.0% | 100.0% | 1 476 |
| **Internally generated funds** | **580** | **–** | **580** | **480** | (100) | 82.7% | 82.7% | 795 |
| **Total Capital Funding** | **20 631** | **16 300** | **36 931** | **72 463** | **35 532** | **196%** | **351%** | **35 557** |

**APPENDIX E - Unaudited**
**SIYANCUMA LOCAL MUNICIPALITY**
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**CASH FLOWS**

| Description | 2016/2017 | | | | | | | 2015/2016 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Property rates, penalties & collection charges | 8 813 | – | 8 813 | 10 229 | 1 416 | 116.1% | 116.1% | 10 075 |
| Service charges | 52 246 | – | 52 246 | 26 763 | (25 483) | 51.2% | 51.2% | 52 051 |
| Other revenue | 10 579 | – | 10 579 | 13 802 | 3 223 | 130.5% | 130.5% | 5 057 |
| Government - operating | 45 393 | – | 45 393 | 44 062 | (1 331) | 97.1% | 97.1% | 45 358 |
| Government - capital | 20 051 | – | 20 051 | 37 118 | 17 067 | 185.1% | 185.1% | 36 518 |
| Interest | 660 | – | 660 | 746 | 86 | 113.0% | 113.0% | 971 |
| Dividends | – | | – | – | – | - | - | – |
| **Payments** | | | | | | | | |
| Suppliers and employees | (123 914) | – | (123 914) | (86 264) | 37 649 | 69.6% | 69.6% | (105 251) |
| Finance charges | (1 199) | – | (1 199) | (16 696) | (15 497) | 1392.5% | 1392.5% | (10 751) |
| Transfers and Grants | | – | – | – | – | - | - | – |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **12 629** | **–** | **12 629** | **29 760** | **17 131** | **235.7%** | **235.7%** | **34 027** |
| | | | | | – | - | - | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | – | - | - | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | 2 462 | 2 462 | 100.0% | 100.0% | 481 |
| Decrease (Increase) in non-current debtors | – | – | – | | – | - | - | – |
| Decrease (increase) other non-current receivables | – | – | – | – | – | - | - | – |
| Decrease (increase) in non-current investments | – | – | – | – | – | - | - | – |
| **Payments** | | | | | – | - | - | |
| Capital assets | (20 631) | (16 300) | (36 931) | (31 104) | 5 827 | 84.2% | 150.8% | (31 994) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(20 631)** | **(16 300)** | **(36 931)** | **(28 643)** | **8 288** | **77.6%** | **138.8%** | **(31 512)** |
| | | | | | – | - | - | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | – | - | - | |
| **Receipts** | | | | | – | - | - | |
| Short term loans | – | – | – | – | – | - | - | – |
| Borrowing long term/refinancing | – | – | – | – | – | - | - | – |
| Increase (decrease) in consumer deposits | 6 | – | 6 | (9) | (15) | -151.4% | -151.4% | 15 |
| **Payments** | | | | | | | | |
| Repayment of borrowing | (1 522) | – | (1 522) | (1 536) | (14) | 100.9% | 100.9% | (1 850) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(1 516)** | **–** | **(1 516)** | **(1 545)** | **(29)** | **101.9%** | **101.9%** | **(1 834)** |
| | | | | | – | - | - | |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | (9 518) | (16 300) | (25 818) | (427) | 25 391 | 1.7% | 4.5% | 680 |
| Cash/cash equivalents at the year begin: | (32 673) | – | (32 673) | 2 850 | 35 523 | 100.0% | 100.0% | 2 170 |
| Cash/cash equivalents at the year end: | (42 191) | (16 300) | (58 491) | 2 423 | 60 884 | -4.1% | -5.7% | 2 850 |